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Albright Bears Down On Ethnic Albanians Threat Against Milosevic Weakens As Kosovars Can't Find Consensus

By Joseph Fitchett
International Herald Tribune

RAMBOUILLET, France — On the eve of an apparently final deadline on Tuesday, Secretary of State Madeleine Albright sought Monday to cajole and pressure the Albanian Kosovars into accepting the international peace plan for Kosovo.

If she fails, she will be unable to confront the Yugoslav president, Slobodan Milosevic, with the threat of NATO air power and compel him to accept a deal that includes a peacekeeping role in the disputed province for troops from the Western alliance.

The Kosovo delegation of ethnic Albanians, which includes political moderates and guerrilla leaders of the Kosovo Liberation Army, seemed to be having trouble reaching consensus, perhaps because its members have little experience operating in intense international negotiations, Western officials said.

"The Kosovars often seem unable to focus in real time on the issues and their own self-interest," a U.S. official said by telephone from Washington.

Another U.S. official directly involved in the talks said: "The same concerns — independence for Kosovo and the future of the KLA — just seem to resurface in new forms." If the Tuesday

deadline passes without an accord, officials said that it was difficult to imagine any grounds for trying to prolong the talks a second time, especially after Mrs. Albright jeopardized the North Atlantic Treaty Organization's credibility on Saturday in agreeing to extend what had initially been presented as an absolute deadline of two weeks for the two parties to take or leave the peace plan prepared by negotiators.

That outcome could leave Kosovo in an international vacuum, putting the

Milosevic's crucial decision. Page 4.

province's ethnic Albanian majority again largely at the mercy of Mr. Milosevic's Serbian forces and heightening tensions across the Balkans.

It would be a major diplomatic setback for the Clinton administration, which has led the high-stakes push for peace in Kosovo and hoped to see the threat of NATO military intervention succeed once again in controlling a Balkan crisis, according to officials in Washington, Paris and London.

As the Kosovo crisis came to a head in recent weeks, Washington has focused on maintaining support for NATO military pressure on Mr. Mi-

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A German farmer with a flag trying Monday to storm through a police line in Brussels. Thousands denounced EU proposals that would bring major reductions in the subsidies that prop up prices.

European Farmers on a Rampage

Brussels Talks on Subsidy Cuts
Draw Thousands to Protest

By Barry James
International Herald Tribune

BRUSSELS — European Union agriculture ministers met Monday in a virtual state of siege as tens of thousands of farmers protested impending subsidy cuts and some turned from peaceful demonstrating to direct action against riot police.

Behind a perimeter of barbed wire and barricades of police trucks, the ministers began marathon talks to reform the EU's common agricultural policy. The talks could last several days, officials said, and would attempt to reconcile conflicting positions during a series of meetings among the 15 nations. The issue is at the heart of a critical week for the EU, culminating Friday with a summit meeting near Bonn.

Germany, which holds the EU presidency, and the European Commission, the EU's executive body, agreed on a compromise paper Monday proposing a 30 percent reduction in price support for beef and veal.

The proposed agricultural changes are a major component of the EU's attempts to curb and reallocate its budget to enable the admission of up to 10 new members.

Officials say the common agricultural policy, which has grown in 37 years to become the EU's biggest, costliest and most complex program, must be radically restructured not only to make way for the new members but also to enable the EU to take part in future world trade talks from a position of strength. Proposed reductions are intended to bring food prices closer to world levels. The subsidies would be partly replaced by direct payments to farmers, which officials said would work out cheaper in the long run because of a decline in the number of farmers, more than half of whom are aged over 55.

A small army of farmers — estimated by the organizers to number up to 50,000 — marched through Brussels to protest the proposed changes, which they claimed would sharply reduce their standard of living. Some carried eggs, rotten fruit, firecrackers, paving stones and apertured

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The Theme Rings Familiar:
Long Live the Status Quo!

John Vinocur
International Herald Tribune

The two politicians holding most of the responsibility for Europe's development keep hearing the same message when they listen hard for the deep chords of their electorate's concerns: no change please, no challenging reforms, no wrenching of the status quo.

Chancellor Gerhard Schröder and Prime Minister Lionel Jospin may have seen themselves as left-wing mod-

ernizers, socially conscious remodelers of the rigid framework of privilege and entitlement that enshrouds Germany and France. But when it comes down to it, both men now must deal with constituencies whose instincts regard most change less as opportunity than threat and disturbance.

The implications for Europe's future are great. Talk of change can be considered barely more than a conversational convention. Beyond the expected give and take, politicians who press for reforms encounter resistance that appears to rise from a static dominant culture.

"There's not a trace of enthusiasm for reform," the Allensbach Institute, Germany's leading polling organization, reported before Mr. Schröder's election. Change, it said, in the German mind mostly meant "being driven out of paradise."

Now, the institute finds, Germans appear increasingly drawn toward their old welfare-state reflexes.

On a weekend when many of the European Union's farmers prepared to battle the changes proposed in the community's vast farm subsidies, Claude Allegre, the French education minister, who is trying to shake up the country's outmoded high school system, raged against "the revolutionaries of the status quo" — the teachers he accuses of refusing all change.

Mr. Allegre said he was currently the target "of the people who don't like reform and want a static society," but that tomorrow it surely would be another member of the government.

See EUROPE, Page 4

Trade Surplus Soars 87% As Recession Grips Japan

By Joseph Fitchett
International Herald Tribune

TOKYO — Japan's trade surplus soared 87 percent in January from the same month last year as the nation's recession crushed demand for imports, the government announced Monday.

At the same time, Japanese exports to the United States and Europe fell, particularly U.S. exports of steel that have been at the center of a growing trade dispute with Washington.

The merchandise trade surplus, the measure of all goods exported by Japan minus those imported, grew to \$6.28 billion for the first month of the year, the Ministry of Finance said. The trade surplus with the United States decreased 2.2 percent in January, to \$4.03 billion, the ministry said.

The overall trade surplus, which was higher than expected, "reflects the severity of Japan's depressed domestic demand," said Satoru Ogasawara, economist at Credit Suisse First Boston, blaming the deepest recession since World War II. "The gap between exports and imports will continue to grow since the yen is now heading toward 125 yen level," Mr. Ogasawara warned.

Imports and exports both fell, as collapsing demand at home coincided with falling demand in the United States and Europe. While exports tumbled 10.6 percent to 3.45 trillion yen (\$28.8 billion), imports fell 22.1 percent to 2.69 trillion yen, the Finance Ministry said.

"This month's surplus was mainly due to a heavy drop in imports as the Japanese market could not absorb goods from Asia because of the prolonged stagnation of domestic demand," a Finance Ministry official said.

Measured on a monthly basis, Japan's merchandise trade surplus surged 33 percent in January from December.

The steady climb in the surplus reflects consumers' reluctance to spend amid Japan's worst recession in decades. That has cut demand for imports and made Japanese manufacturers increasingly reliant on sales overseas.

Japan has been under heavy pressure from the United States and other trading partners to rein in the surplus by bolstering its weak economy and spurring demand for imports.

Exports had increased in the three quarters through September as strong sales of steel to the United States and of cars to Europe offset plunging shipments to Asia. In the fourth quarter, though, exports fell because of waning U.S. and European demand.

See TRADE, Page 4



Source: Bloomberg

With the approval of G-7 central bankers, as well as senior officials in Germany and Japan, the dollar continued its recent climb against the yen and the euro. Page 12.

Japanese See the Light

Putting Clock Forward Could Spur Economy

By Mary Jordan
Washington Post Service

TOKYO — And now the latest proposal to lift the Japanese economy: daylight time.

Japan is one of the few developed countries that has resisted putting the clock forward an hour in summer to promote a more efficient use of daylight. But perhaps as a sign of how poor economic times are forcing many changes here, there is renewed government interest in tinkering with the clock based on hopes that more sunshine would lead to more spending.

A government-appointed panel has concluded Wednesday that daylight time could mean a \$5.5 billion boost in consumer spending.

The thinking is that on longer summer evenings people would spend more on

everything from tennis to gas, that stores would stay open later, that restaurants and bars would be more crowded. Japanese also would need new outdoor clothes if night fell an hour later — in fact, according to the panel's calculation, Japanese would spend \$870 million on sports and summer wear alone.

In 1948, at the urging of American occupiers here after World War II, the daylight time system was tried in Japan.

But it was soon discontinued because too many people felt they could not possibly leave the office while it was still light outside. With daylight time linked to prolonging an already long workday, it was abolished in 1952 after the Americans left.

Last year, however, during a world

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The Dollar		
	Monday 9 A.M.	previous close
New York	1.1037	1.1075
Euro	1.8273	1.8213
Pound	1.209	1.2105
Yen	1.7726	1.7655
DM	5.9452	5.8213
FF	5.9452	5.8213

The Dow		
	Monday close	percent change
Dow Jones	9,552.88	+2.28%
S&P 500		
+212.73	1,272.20	+2.66%
Nasdaq		
+58.51	2,342.41	+2.58%

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AGENDA

IHT Will Launch Early Asia Edition

The International Herald Tribune will launch a major expansion of its service in Asia. Beginning March 1, it will print as much as three hours earlier in the region and distribute an early-morning edition. Page 2.

Wave of Mergers Lifts U.S. Stocks

U.S. stocks rose strongly Monday, with the Dow Jones industrial average adding more than 200 points after several companies said they would be bought by others.

The fact that companies were willing to go on buying sprees bolstered confidence in the value of stocks and fueled expectations for more deals.

South Korea Releasing 17 Long-Term Prisoners

After Decades in Jail,
They're Part of Amnesty
For 'National Harmony'

By Don Kirk
International Herald Tribune

SEOUL — The South Korean government promised unconditional amnesty Monday to 17 long-term prisoners who had been convicted of spying for North Korea or sympathizing with the Communists in a move that the authorities hoped would promote an exchange for 300 South Koreans held captive by the north.

The South Korean justice minister, Park Sang Choon, said the government was considering "extraordinary measures" under which the 17, including Woo Yong Gak, who has been in prison for 41 years, might return to North Korea provided the North freed the South Koreans, some of them held there since the Korean War.

In any case, aides to President Kim Dae Jung said that they believed the impending release of the 17 on Thursday, the first anniversary of Mr. Kim's inauguration, added fresh evidence of Mr. Kim's determination to pursue reconciliation with the North.

The 17, all of whom have served at least 19 years in jail, are among 1,508 prisoners who will go free as Mr. Kim attempts to display "national harmony" among South Korea's disparate political and regional groups as well as between the two Koreas. All told, the amnesty covers 8,800 people, including another 7,292 who were previously paroled from prison, given suspended prison sentences or ordered to pay fines for offenses ranging from participating in illegal strikes to breaking traffic laws.

The amnesty, the largest ever granted here at one time, was intended both to celebrate Mr. Kim's first year in office and to placate domestic as well as international critics who have demanded that the prisoners go free in the interests of human rights.

Mr. Park said the government had decided to release the prisoners on "humanitarian grounds to meet calls from Amnesty International and other groups." That remark reflected Mr. Kim's sensitivity to charges that he was not concerned about human rights even though he spent years in jail and in prison hospitals under dictatorial regimes before winning election as president in his fourth attempt, in December 1997 at the height of economic crisis.

The release marks a sharp departure from the previous policy of releasing prisoners only after they signed a pledge to abide by South Korean law. The pledge meant that a prisoner, once freed, would not violate the national security law, which forbids the slightest sign of support for the North Korean government or its ruling party.

Mr. Woo, now 70, has remained alone in a cell in Taegon, a city about 80 miles (127 miles) south of Seoul, since his capture in 1958 while leading a North Korean Navy reconnaissance team in the South. He is often described here as "the world's longest-serving political prisoner."

Most of the other long-serving prisoners, some of them reportedly extremely ill, have also languished in cells in the same prison. They are forbidden to talk to other prisoners or, until recently, receive visitors. Before the election of Kim Dae Jung's immediate predecessor, Kim Young Sam, as president in 1992, they also were reportedly subjected to frequent beatings.

It was far from clear, however, if any of the long-term prisoners, once released, would want to return to North Korea — or if the North would consider an exchange as suggested by the South.

Although the amnesty is far more sweeping than two others authorized by Mr. Kim so far in his presidency, a group called Minkahup, meaning "democratic family committee," representing families of what they term political prisoners, said it included only a tiny minority of those held for political crimes.

Just after the 1994 elections, similar surveys registered overwhelming optimism. "In 1994 we had sentiment and ideals," said Justice Malala, a political columnist for one of South Africa's largest weekly papers, the Sunday Times. "Now, we just have the hard slog."

The government has certainly had its successes. And given that no African National Congress official had ever had experience in running a country, the accomplishments are impressive. In the last five years, political violence has been drastically reduced. More than 3 million people now have access to clean water who did not have it before. Power lines stretch through even the most dismal squatter camps. Millions more have access

See REALITIES, Page 2

As South Africa Nears Vote, the Sound of Grumbling Grows Loud

By Suzanne Daley
New York Times Service

KAGISO EXTENSION 13, South Africa — The bare bones of a suburb are growing on these hills west of Johannesburg: concrete slabs with a toilet, a water tap and a tin roof overhead.

This "site and service" housing is what the government can afford to provide. The rest — walls, windows and doors — are up to the new owners. Electricity and telephones may arrive someday.

Connie Madima, 28, got one of these sites and has put up walls. She is ecstatic and says the new government has come through for her.

But she has neighbors like Lindiwe Novula, 27, who is still unhappy. Mrs. Novula and her husband are jobless and cannot afford to finish their house. They are property owners, but they are deeply

disappointed in the new South Africa. They still live in their old shack, which they have moved to their new plot, hoping that their presence will keep thieves from stealing their toilet, as has happened to other families nearby.

"I'm not voting this time, because things are worse now," said Mrs. Novula, who sometimes

Central Johannesburg in trouble. Page 2.

runs out of food for her two children and asks Mrs. Madima for help. "Before it was possible to be finding jobs, but now there is not even piecemeal. I thought that we would have things now, but we have nothing."

As South Africa approaches its second post-apartheid general election in May, the giddy feel-

ing of triumph that dominated the voting in 1994 is all but history. These days, South Africans are acutely aware of the hard realities they face in remaking a society that systematically kept the majority of the population uneducated and poor. Despite progress like the skeleton houses, grumbling can be heard all over.

Mrs. Novula is not alone in seeing the glass as half empty.

President Nelson Mandela's African National Congress party is expected to win again easily. But much of that support appears to have more to do with loyalty than with satisfaction.

A recent survey by the Institute for Democracy in South Africa indicates that there is widespread unhappiness among the 40 million South Africans. The poll indicated that more South Africans believed the country was going in the wrong direction

than believed it was going in the right direction. Just after the 1994 elections, similar surveys registered overwhelming optimism.

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The government has certainly had its successes. And given that no African National Congress official had ever had experience in running a country, the accomplishments are impressive. In the last five years, political violence has been drastically reduced. More than 3 million people now have access to clean water who did not have it before. Power lines stretch through even the most dismal squatter camps. Millions more have access

THE AMERICAS

Governors Urge Capital to Bury the Hatchet

By Robert Pear
New York Times Service

WASHINGTON — In the bluntest possible terms, governors of both parties have told President Bill Clinton and Congress to abandon the poisonous partisanship of the impeachment proceedings and get back to work on education and other issues of immediate concern to voters.

Within hours of arriving in Washington over the weekend for their winter meeting, the governors tried to elevate the political debate from the depths to which they said it had sunk. Republican governors were just as forceful as Democrats in deploring Congress' single-minded focus on the impeachment issue.

This year, 13 new governors injected new energy into the National Governors' Association. George Ryan, the Republican who took office last month as governor of Illinois, spoke for many of the states' chief executives when he said: "It's time for all this political rhetoric to be put to bed. The American public has had enough of political posturing. People want results."

Referring to the scandal that led to the



Jesse Ventura, the former wrestler who is now the newly elected Reform Party governor of Minnesota.

Senate trial of Mr. Clinton, Mr. Ryan said: "It's done and over with. People are concerned about health care, education and transportation."

The governors will continue their

meeting this week as Congress reconvenes, primed to debate Social Security, tax cuts, patients' rights and federal aid to education.

Even as millions of Americans criticize Congress as obsessed with impeachment, governors routinely rate among the most popular politicians in America. Republican governors emphasized repeatedly during the impeachment process that the strength of the party was not in Washington, but in state capitals.

The comments by many of the Republican governors also highlight the deep divisions in the party over its direction.

Democratic governors are repeating the White House strategy of wanting to be seen as focusing on substantive issues.

Governor John Rowland of Connecticut, a Republican re-elected in November by a landslide, complained: "The obsession of the last year has been to embarrass the president. We need to get off that. It's impossible to embarrass this president. He's beyond shame."

The chairman of the governors' association, Thomas Carper of Delaware, a Democrat, said, "The American people hunger for a sense of civility and con-

sensus building," and for an end to "this animosity, this bitterness and rancor."

Two governors outshone their peers. Governor George W. Bush of Texas won support from many Republican governors — conservatives and moderates alike — who said he would make an excellent candidate for president.

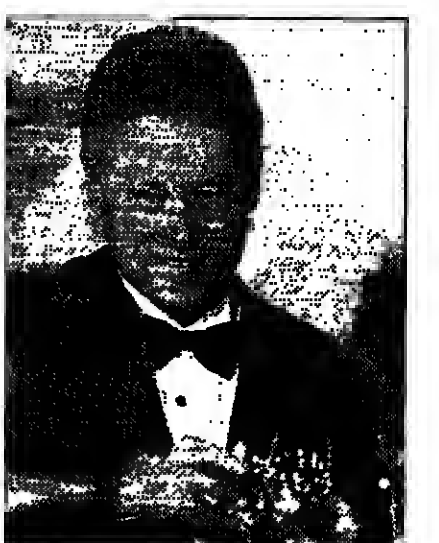
But at times he was upstaged by Governor Jesse Ventura of Minnesota, the Reform Party candidate who won an upset victory in November. He arrived wearing a buckskin jacket on Saturday, but Sunday he wore a more traditional governor's uniform, a blue business suit.

■ Clinton Makes Education Pitch

Mr. Clinton on Monday asked the governors to support his proposed education reforms, The Associated Press reported.

"Some will say the federal government should be giving states more flexibility, not demanding more accountability," Mr. Clinton said. "I say it's a false choice, and the federal government should be giving you more of both."

Mr. Clinton and Vice President Al Gore held a roundtable discussion with the governors at the White House on Monday. Mr. Clinton sought to find



President Clinton toasting the nation's governors at a White House dinner during their winter meeting.

common ground with governors who are split along political lines over the federal role in improving the performance of public schools. Democrats have largely backed Clinton's proposal, while Republican governors say Washington should have limited say in the way education dollars are used.

Away From Politics

■ Mr. Aimal Kasi, the man sentenced to die in Virginia for gunning down two CIA employees near the U.S. spy agency's headquarters in 1993, is arguing that he is not a terrorist but a political prisoner. He wants his case to be heard by the International Court of Justice, he added, saying he has not received justice in the United States. (AP)

■ A sixth Ford Motor Co. worker has died from injuries sustained in a Feb. 1 explosion and fire at the company's complex in Dearborn, Michigan. Nine workers remained hospitalized. (AP)

■ Two Amtrak trains carrying 300 passengers were delayed for 16 hours in Havre, Montana, after a telephone threat led to a search for radioactive materials. Officials found nothing harmful. The threat was made by a man claiming to have access to government chemical or radioactive agents. (AP)

■ Attorneys general from nine states and representatives from 16 others, meeting in Indianapolis, said they hoped that new laws and agreements with the industry will help halt deceptive gimmicks used by mail-in sweepstakes. (AP)

2 in Cabinet Held in Contempt

WASHINGTON — A federal judge held two Clinton administration cabinet secretaries in contempt Monday over the government's delay in producing records of Indian trust funds.

U.S. District Judge Royce Lamberth issued the contempt order, charging that Treasury Secretary Robert Rubin and Interior Secretary Bruce Babbitt had failed to produce documents related to a class-action lawsuit over the alleged

mishandling of 300,000 Indian accounts worth an estimated \$500 million.

The secretaries and Assistant Interior Secretary Kevin Gover were ordered to pay legal fees and other expenses that resulted from their delay in complying with the judge's November, 1996, order to produce documents.

"I have never seen more egregious misconduct by the federal government," Mr. Lamberth said in his order. The ruling followed a contempt hearing last month.

Scientists Question Everglades Plan

Project Won't Meet Goal of Restoring Florida Wetlands, Critics Say

By William K. Stevens
New York Times Service

NEW YORK — An ambitious \$3 billion plan to restore the Florida Everglades to ecological health over the next several decades is coming under fire from some ecologists, who say the proposed measures will do little to restore the area.

The main reason, these critics say, is that the federal-state plan does not go far enough in re-establishing the natural flow of shallow water that once moved in an unbroken sheet down the South Florida peninsula, creating a habitat for one of the largest assemblages of marsh wildlife in the world.

Instead, they say, the project would leave the Everglades much as they are now: a series of disconnected fragments dependent less on natural processes and more on human management involving a complex system of levees, canals, pumps, gates and reservoirs.

"There is very little restoration, and most of it doesn't come for the next 25 years," said Susan Pimm, an ecologist at the University of Tennessee in Knoxville who has worked extensively in the Everglades.

Mr. Pimm and five other prominent ecologists recently sent a letter to Interior Secretary Bruce Babbitt asking him to submit the plan to review by scientists who had not been involved in formulating it, possibly under the au-

thority of the National Research Council.

Some of the signers, including Mr. Pimm, were to meet with Mr. Babbitt in Washington on Monday to discuss their concerns.

The secretary was expected to announce then that a permanent, independent scientific panel was being established to provide a continuing evaluation of the restoration project.

A spokesman for the Interior Department said the establishment of the panel had been planned for some time.

"From the very beginning, there has been an extremely strong commitment to science in this effort," said Patricia Bencke, an assistant secretary of the interior.

"This is the opportunity of a generation," she said.

"We're working very hard to do it and do it right."

The Everglades plan, a major element of President Bill Clinton's environmental agenda, is the most comprehensive ecological restoration ever attempted in the United States.

Its basic outline is being put into final form and is to be submitted to Congress in July.

Many of the program's supporters fear that a delay for further review might cost it a considerable amount of the hard-won political momentum behind the proposal.

In the end, the ecologists said in their letter to Mr. Babbitt, a scientific review



"might confirm the plans as the only ones that are practicable."

But if not, they said, it is better to find out now, before billions of dollars are committed.

Official, Fired For Sexual Harassment, Wins Payout

By Patricia Davis
Washington Post Service

WASHINGTON — A former high school principal in Virginia who was fired for sexually harassing teachers is getting a disability retirement payment of about \$38,000 a year from the state — more than three times as much as a normal pension — after claiming that his behavior toward women stemmed from a permanent disorder.

Virginia officials had rejected Anthony Rizzo Jr.'s claim three times and said giving him lifetime disability benefits would be rewarding him for the "reprehensible conduct" that cost him his job as principal of Edison High School in Fairfax County in 1989. But they lost the case on a technicality last year, when the Virginia Supreme Court ruled that the state retirement system had missed a 90-day deadline for making a final decision on his claim.

Mr. Rizzo claimed to have a "psychosocial disorder" that made him unable to supervise women without trying to coerce them into having sex with him. That condition prevented him from working as a principal again, Mr. Rizzo's lawyer argued.

The court ruling forced the state to pay Mr. Rizzo a pension of \$3,164 a month, with future cost-of-living raises, compared with the estimated \$873 a month he would have received without the disability claim. The Virginia Retirement System also had to give him more than \$200,000 in back payments.

"It's just a perverse situation to allow someone to benefit from perverted behavior," said William Leighty, director of the retirement system, who had ruled that Mr. Rizzo's refusal to seek treatment was reason enough to deny his claim.

Now the attorney general's office in Virginia has come up with another strategy to try to block Mr. Rizzo from getting some of the retirement money.

Mr. Rizzo, 62, has been charged by the police in Alexandria, Virginia, with raping a child in the mid-1980s. If Mr. Rizzo is convicted, Attorney General Mark Earley has directed his office to work with the Alexandria prosecutor in helping to craft "a restitution package for the victim that could possibly be tied to his benefits," said David Bokins, a spokesman for Mr. Earley.

POLITICAL

Voters to Pick Gingrich's Successor

ATLANTA — Voters in Georgia's 6th Congressional District will choose a successor to Newt Gingrich, the former House speaker, on Tuesday, and the only suspense seems to be whether Mr. Gingrich's hand-picked candidate, Johnny Isakson, the state school board chairman, will win without a runoff in a nonpartisan race against five opponents.

Mr. Isakson, a prominent businessman, longtime state legislator and twice-failed statewide candidate, is by far the best-known, most-experienced and best-financed candidate in the field. Like all but one of the candidates, he is a Republican. The 6th District, which arcs across the affluent northern suburbs of Atlanta, is considered one of the most reliably Republican districts in the United States.

Mr. Isakson, 54, has conducted a safe, front-runner's campaign, embracing much of the Republican congressional leadership's economic agenda while downplaying moderate stands on social issues that have alienated conservatives in his past campaigns.

With several of his opponents running to his right, Mr. Isakson has portrayed his centrism as more a matter of style than of ideology.

"I've been accused oftentimes in this race of being a consensus builder, and I don't run away from that," Mr. Isakson said Sunday in the only televised debate of the campaign, which was sponsored by the Atlanta Press Club.

The only other candidate with any name recognition is Christina Jeffrey, a professor at Kennesaw State University who was hired and then fired by Mr. Gingrich in 1995 as historian of the House.

Mr. Gingrich dismissed her after learning that, while heading a federal panel that reviewed an academic course on the

Holocaust, Ms. Jeffrey complained that the curriculum did not reflect the views of the Nazis or the Ku Klux Klan. (NYT)

Wilson Declines Presidential Run

LOS ANGELES — Pete Wilson, who ended eight years as governor of California last month, has made his decision: It would be senseless to run again for president. He cannot raise enough money to compete.

"I've reluctantly reached the conclusion that it's just not practical to pursue the nomination," he said in an interview.

That is a harsh reality that Mr. Wilson had suspected for some time, but needed to reaffirm for himself after leaving the governor's office Jan. 4. It did not take him long. A few phone calls to loyal backers and two meetings with longtime strategists sufficed. "They thought it was very uphill," he said. So he decided unequivocally to pull the plug.

"I don't like to temporize," he said, explaining why he was announcing his decision now rather than waiting in hopes of catching a lucky break — perhaps a front-runner like Governor George W. Bush of Texas opting not to run. "Confront it and get it over with."

"I don't pretend I'm not disappointed," he added. "But life goes on, and there's much to do and much to enjoy, and I intend to do both."

Mr. Wilson will become a visiting fellow at the Hoover Institution, a conservative research institute on the Stanford University campus in Palo Alto, California. It is also his intention to head up two committees, one promoting political causes and the other advocating public policy. He will earn money by joining some corporate boards.

And he plans to write a book — "part memoir, part prescription," he said.

expelled Mayor Rudolph Giuliani has declared. Mr. Giuliani, whose aggressive efforts to clean up the city have often aroused controversy, said the new approach could do more for the homeless "than all the fancy government programs that were keeping people dependent for 30, 40 and 50 years."

Critics blasted the plan, saying it could force thousands of people back into the streets. "The thought that because you are out of public assistance, you would then lose your place to sleep, too, is sick," said Mike Polenberg, a spokesman for the Coalition for the Homeless.

Bereft of Monica, scandal-deprived Americans pounced last week on the death of JonBenet. As the impeachment drama ran out of steam, "Perfect Murder, Perfect Town," by Lawrence Sanders, went on sale Thursday in Boulder, Colorado, three weeks earlier than HarperCollins had originally planned to release it, according to The New York Times. The book is an encyclopedic 621-page reconstruction of the investigation into the slaying here in December 1996 of JonBenet Ramsey, a 6-year-old beauty pageant princess.

Brian Knowlton

AMERICAN TOPICS

Some States Seek to Give The Vote Back to Felons

Alarmed by the number of people who are barred from voting because of past criminal convictions, legislators in an increasing number of states want to give the vote back to felons.

The issue, long kept alive by prison rights advocates, is gaining support among mainstream civil rights organizations and political leaders, who argue that state laws barring felons from voting not only constitute unfair punishment but risk shutting entire communities out of the political process, reports The Washington Post.

That is especially true for African-American men, 13 percent of whom are ineligible to vote because of criminal convictions, according to a recent study by the Sentencing Project and Human Rights Watch, two research organizations. In 10 states, they found, more than two black men in 10 are barred from voting because of criminal records.

In Florida, a bill has been introduced

in the state Legislature to allow convicted felons to regain their voting rights one year after completing their sentences, including probation. Currently, felons there are barred for life from voting.

Short Takes

The state legislators pondering felons' rights might want to consider results of a recent study on felons' ethics. James Stearns of Miami University and Shaheen Borna of Ball State University interviewed 300 felons taking part in college programs at three minimum-security prisons in the Midwest. They asked the inmates questions related to difficult business dilemmas. Needing a control group, they compared the responses with those from an earlier survey of students at 11 MBA programs, reports The Chronicle of Higher Education.

The inmates, they found, showed just as much integrity as the business students, and sometimes more. Inmates were less likely than MBA students to "pirate" employees from competing companies and they were more concerned with customer service.

Homeless people who sleep in New York City shelters will have to work at city jobs, such as cleaning parks, or be

Our results for 1998

In a number of our major markets 1998 saw the toughest economic conditions for many years. That the Group is able to report increased operating profits before provisions of US\$9,051 million, a return on shareholders' funds of 15.5 per cent and declare dividends of US\$0.925 per share reflects the spread and robustness of our businesses and our ability to generate revenues and hold down costs.

The level of bad and doubtful debt provisions required to meet the Group's prudent policy on non-performing loans resulted in a 21 per cent decline in profit attributable to shareholders compared with 1997.

We are planning to seek a listing on the New York

Stock Exchange during 1999 to supplement our existing dual primary listings on the London and Hong Kong Stock Exchanges. As a result we propose to consolidate our share capital into a single class of ordinary shares in US dollars and a share split so that shareholders will receive three new shares of US\$0.50 each for each share they now hold.

The year ahead promises to be very challenging. However, we enter it confident in our strength to withstand further volatility and in our ability to build on the strength of the Group to deliver further value to shareholders.

John R.H. Bond
Group Chairman

1998	1998	1997
\$m	US\$m	US\$m
3,962	Profit before tax	6,571
2,604	Profit attributable to shareholders	4,318
24,778	Capital resources	41,092
97.1	Basic earnings per share	1.61
55.4	Dividends per share	0.925

The Group's total capital ratio and tier 1 capital ratio at year end 1998 were 13.6 per cent and 9.7 per cent, respectively.
* The second interim dividend of US\$0.555 per share is translated at the closing rate. Where required, the dividend will be converted into sterling or Hong Kong dollars at the exchange rate on 16 April 1999.
** Translated at the exchange rate on the dividend payment dates.

HSBC

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INTERNATIONAL

Milosevic Faces Fateful Decision on Troops

By R. Jeffrey Smith
Washington Post Service

BELGRADE — President Slobodan Milosevic of Yugoslavia is about to make one of the most fateful decisions of his 12-year reign as the most powerful politician in the country: Should he let foreign troops occupy Kosovo without a fight, or should he wait to say yes until after NATO conducts punishing air strikes against the Serb-led Yugoslav military?

Western diplomats and Yugoslav analysts say they expect the fate of the ethnic Serb minority in Kosovo and the presence there of Orthodox Christian monasteries and other landmarks that link modern Serbia to its past glory to matter little in Mr. Milosevic's deliberations.

Instead, Mr. Milosevic's response to a NATO demand for deployment of 28,000 peacekeeping troops in the Serbian province will hinge on his calculation of whether cutting a deal before or after the bombing can best preserve his grip on power here in Belgrade — capital of both Yugoslavia and its dominant republic, Serbia.

This goal matters far more than principles and ideology or a commitment to Kosovo's place in Serbian history.

"All his actions come to one place — his desire to stay in power and rule the territory, no matter how small it is," said Aleksandar Tijanic, who served as information minister of Serbia in 1996, when Mr. Milosevic was the republic's president. "The only thing he cannot imagine is to see himself as a retired president."

One way or another, NATO troops will be allowed inside Kosovo under pressure from Britain, France, Germany and the United States, Mr. Tijanic and other analysts here say. The problem — and the apparent explanation for Mr.

Milosevic's willingness to prolong his discussions with the West about the details of a Kosovo peace accord — is that there are still no certainties and many perils associated with admitting NATO troops, with or without a military attack.

If NATO troops are deployed without a fight, for example, some analysts here predict that the ruling Yugoslav coalition could split and the radical nationalists within it — led by Vojislav Seselj, a vociferous foe of a NATO presence — would begin painting Mr. Milosevic as a traitor to Serbian interests. If tens of thousands of Serbs flee Kosovo — where they are outnumbered 9 to 1 by ethnic Albanians — in the aftermath of a troop deployment and protest in Belgrade, Mr. Milosevic's political power could be jeopardized.

But others, including Western diplomats, say that Mr. Milosevic can always bribe or blackmail the radical politicians into falling in line. Moreover, they say, he can use his government's impressive propaganda machinery to depict virtually any concession to the West as a national victory, as he has done repeatedly.

"It'll be smoke and mirrors," one diplomat said.

On the other hand, if Mr. Milosevic waits until after a military clash to accept the troop deployment, he may find it easier to describe the decision as a bitter pill that preserved Serbia's health, some analysts say.

But Western diplomats warn that he cannot be sure what will happen in Kosovo if the Yugoslav military is substantially weakened or distracted by NATO air strikes, and ethnic Albanians fighting for independence in the

province attempt to take advantage of the circumstance by driving Serbs out. "He's been playing the same game for years," said Hari Stajner, a senior contributor to *Vreme*, a respected weekly magazine in Belgrade. "He says no, no and no until he is pushed to the wall, and then he is a peacemaker. Now it depends only on his assessment of what is better for him, to be bombed or not. This is maybe the most difficult situation he has faced — the most difficult 'yes' he has had to give."

Mr. Stajner said that although Mr. Milosevic backedtracked from commitments to protect the interests of ethnic Serbs in the former Yugoslav republics of Bosnia and Croatia, a similar concession in Kosovo carries far more political risk.

"Whatever you may think, the people here are emotionally tied to Kosovo, and the regime is constantly insisting on it," he said. "A lot of people really do think that losing the province would mean losing a part of themselves. And if you have foreign troops deployed all over, you really have given up sovereignty. It's not like having a foreign military base on your soil, like in Turkey or Greece."

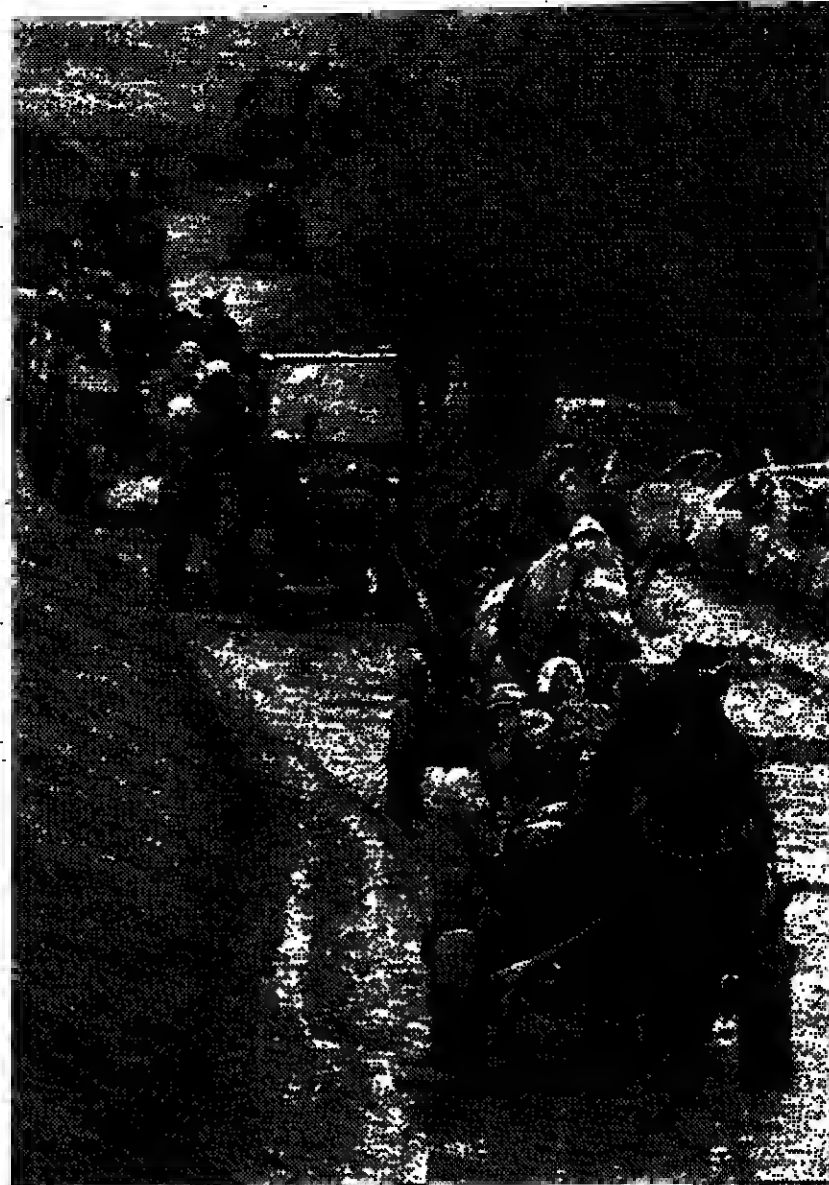
Dusan Mitevic, a former Milosevic friend who directed Radio-Television Serbia, said the president "is aware he cannot stop the troops from entering. So psychologically, what suits him is bombing, so he can transfer responsibility to hated foreign troops. He needs a bigger misery to cover the misery, so a small bombing is a good excuse for backing up. That would be his alibi, and it would confirm him in power."

Mr. Tijanic, who edited a magazine called the *European* until it was banned by the government in November, predicted that Mr. Milosevic will wait for air strikes and then try to "turn public opinion against the West. He will speak about the future war to regain Kosovo and wait for the resumption of a Cold War between America and Russia when the generals come to power there. All the questions of democracy and normal life will be postponed."

But other analysts here note that Mr. Milosevic has already knocked over several of the main pillars of his longtime Kosovo policy, including his refusal last April to allow any foreigners to intervene in the province and a claim in early January that any negotiations about its future could only be conducted on Serbian territory. Now there are more than 1,000 unnamed international observers in Kosovo, and the peace discussions are continuing in Rambouillet, France.

Mr. Milosevic also could publicly embrace the views of Vuk Draskovic, a newly appointed deputy prime minister who was briefly jailed by Mr. Milosevic in 1993 for protesting actions by Mr. Seselj. In an interview, Mr. Draskovic said that Belgrade should welcome a foreign troop presence in Kosovo because these soldiers would finally disarm members of the Kosovo Liberation Army, the ethnic Albanian rebel group that is leading the fight for independence and thus help preserve Belgrade's hold on Kosovo.

Mr. Draskovic said he agrees that "it could be difficult in just two days to explain after months and months of incredible complaining" about foreign forces in Kosovo that NATO's presence is suddenly acceptable. But, he said, "the rejection of a settlement would be a national disaster" because any NATO air strikes would provoke a fresh wave of anti-American sentiment and encourage hard-liners to create a "gulag" that tolerates no dissent.



Ethnic Albanian villagers fleeing their homes as heavy fighting erupted Monday between the Kosovo Liberation Army and Yugoslav forces in Pantina, 30 kilometers northeast of the regional capital, Pristina.

EUROPE: Status Quo Is Voters' Choice

Continued from Page 1

Mr. Schroeder, who has been rebuffed in his attempts to alter Germany's nationality law, and Mr. Jospin, who has backed the school reform, seem these days to be examining the political lessons at hand.

The German chancellor has surely noted this: that despite an overwhelming evaluation from the German media that his first three months in office were of questionable competence and of the thinnest future-oriented content, he has, until now, stayed popular in public opinion.

If Mr. Schroeder has done little to turn around unemployment in Germany, or to open up its labor market, he has nonetheless won confidence among voters who want no change by reversing three Christian Democratic measures that took aim at high labor costs and impediments to hiring.

Limits on conditions for sick pay, controls on the rate of pension increases, and new possibilities for business to cut the number of employees have all been eliminated.

These steps, essentially restoring the status quo of the past 30 years, explained the chancellor's good polls scores, according to a German politician who privately described achieving change in Germany as fighting the tides, and sun-up and sunset.

But when Mr. Schroeder stood behind a proposed revision of the German citizenship law — he even called it emblematic of his government's aspirations — the issue became the cause of a Christian Democratic victory in regional elections in Hesse a fortnight ago.

The New Middle that Mr. Schroeder said he would represent in the election campaign turned out, after consultation, to be immobile, familiar, and opposed to basic change.

"The middle in Germany hangs on to its protection and security, and fears reform," said Franz Walter, a political scientist at Goettingen University. "Whoever threatens with reforms, whether they're in relation to economic policy or citizenship, will be voted out of office."

In France, Mr. Jospin's central reform initiative, a 35-hour work week, has been slow to take hold and appears inconclusive in terms of results.

But its popularity is that it does not challenge in any way the central beliefs of his core left-wing constituency: the state remains a pivotal element of decision in the economy, and Mr. Jospin's

government has refrained from becoming a public advocate of givebacks from labor to employers to compensate for the 35-hour plan's impact on costs and productivity.

Other examples of Mr. Jospin's reforms, involving the justice system, the rights of same-sex couples, and an attempt to eliminate multiple office-holding in France, have met with palpable doses of resistance. Yet none of these undertakings have run into anything akin to the extremely aggressive reaction of teachers to Mr. Allegre's reform proposals.

Basically, the education program is Mr. Jospin's first real attempt to take on a symbolic element of French statism. Through Mr. Allegre, the government is trying to begin making a more flexible, responsive, and modern instrument out of the national education system, a totally centralized former glory, now faltering in providing new skills for an increasingly diverse French society.

One of the big problems is that the teachers' unions, like all those in France's extensive public service sector, are major factors in the Socialist Party's vote-getting machinery.

With the announcement of a national strike and demonstration March 20, the issue is raised whether Mr. Allegre and the government will be able to resist the unions' pressure, intensified by the perspective of European parliamentary elections in June.

If Mr. Schroeder modifies his citizenship law proposals in exchange for the calm of the status quo, if Mr. Jospin tones down his education reform, there is probably not much evidence to assume either will attempt to deal more frontally with the absence of labor market and other structural reforms in their countries — the essential reason for stalled growth in Europe, according to the European Central Bank.

Until now, Mr. Jospin's government has unofficially repeated in a kind of stage whisper that more labor market flexibility would be a by-product of individual labor-management settlements leading to the 35-hour week.

This trade-off has not yet appeared, just as there is little sign of Mr. Schroeder's campaign promises to make Germany's economy less risk-averse and less bound by taxes and bureaucracy.

Horst Siebert, president of the Kiel Institute for World Economics, and one of the five so-called wise men who advise the German government on its economic choices, told the news magazine *L'Express* this week that "I believe Germany, like Japan, has lost its capacity to resolve its problems. This was also the case under the previous government. There is a preference for the status quo, which puts the brakes on adaptation to a globalized economy."

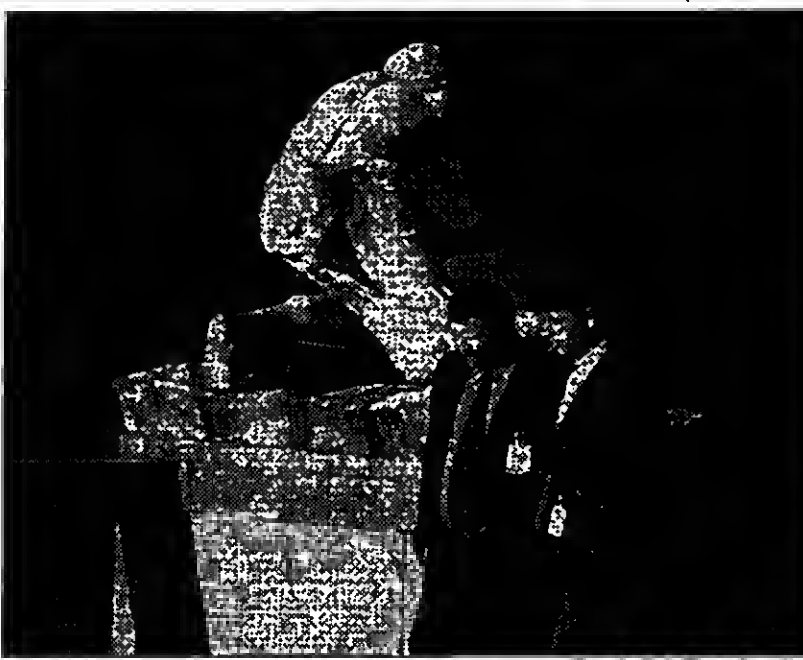
The same was true, he said, for France.

All this brings both leaders back to the reasons for their election. In France, Mr. Jospin defeated the legacy of Prime Minister Alain Juppe largely because the Gaullist had become a symbol of hard-edged social confrontation, a man whose touch had failed in determining how much of the status quo could be altered in order for France to deal with the future.

In this context, Mr. Jospin's victory was that of a vote for no change to the welfare state, the reaffirmation of a kind of conservatism of the left.

Across the Rhine, where Chancellor Helmut Kohl was regarded as failing to reduce the rigidities of the German social model, Mr. Schroeder was brought to power by an electorate that in a poll favored by more than 60 percent "a few course corrections but no principal changes."

Under current circumstances, both men may well have little stomach for pushing reforms that they have described as essential but run against the will of their voters.



Hashim Thaci, right, a negotiator for the Kosovo Albanian delegation, walking past a statue with an aide Monday at the talks in Rambouillet.

FARMERS: Subsidy Cut Plan Denounced

Continued from Page 1

small trees at police. Others attacked shield-carrying officers with flag poles and clubs. The police fired back with tear gas and water cannon. About 12 police were slightly injured and several demonstrators were arrested. The government deployed about 5,000 gendarmes and police.

A police spokesman said much of the trouble appeared to come from groups of militant right-wingers. Although the farmers' anger was palpable, most of them demonstrated peacefully. "It was dignified, calm," said Luc Guyau, president of COPA, the Committee of Agricultural Organizations in the European Union, which organized the rally.

Roads, metro stations and schools around the European Council building were closed. Because of the threat of violence, foreign ministers, who are discussing the shape of the EU's 2000-2006 budget, shifted the venue of their meeting from Brussels to Luxembourg.

Although the siege preparations in Brussels appeared grim, police said the measures were necessary to prevent a recurrence of rioting 28 years ago, when some 70,000 farmers ran amok in the city and one person was killed.

The demonstrators arrived from all

over Europe, with the biggest delegations coming from France, the EU's biggest food producer, and Germany. The march followed demonstrations in France, Spain and elsewhere.

"We demand justice for farmers," Mr. Guyau said. "Whatever happens, we farmers must be guaranteed full compensation for income losses which we may suffer as a result of price cuts."

Mr. Guyau led a delegation of union representatives to meet the ministers and later complained they had been marched in under virtual military escort. "It makes you wonder about democracy in Europe," he said.

He warned that the farm proposals would lead to the demise of family farms and the emergence of vast ranches operated by multinational corporations with dire consequences for a traditional way of life in most countries.

Although supporting Europe's 7 million farmers swallow almost half the EU's budget, it still represents about 0.5 percent of Europe's gross domestic product.

The farmers complain that their incomes already have declined as a result of a previous reform, in 1992, which started to phase out subsidies and enabled the EU to sign on to the Uruguay Round world trade agreement.

TIME: Japan Considers Saving Economy by Conserving Daylight

Continued from Page 1

conference on global warming held in Kyoto many conservationists urged the host country to adopt daylight time to save energy.

There is also increasing national discussion about enhancing the quality of life and many people say this is an easy way to give people more time to swim, to walk in the park, to sit outside in summer's evening light. Currently, sunset comes around 7 P.M. in summer, and as early as 4:30 P.M. in winter.

Many countries near the equator ignore daylight time because they have abundant evening sunshine. But about 70 others, including the United States and Iran, which is about as far north of the equator as Japan is, abide by it.

Nonetheless, the concept is confusing here.

So the citizen's council set up by the government now has a Web home page in the Japanese language that lists frequently asked questions about daylight time: Will it lead to less sleep and therefore bad health? Will it cause more chaos? Will it mean school hours will change? Will children have to study more at night? (The answer to most of the questions is that there will be more

sunshine and more options for people to choose what to do with it.)

In addition to environmental and lifestyle reasons for daylight time is new thinking that it just might do what government coupons and tax rebates have not: start a badly needed spending spree.

Based on a questionnaire to private businesses and the government's own calculations, if daylight time were started this summer, people would spend an extra \$1 billion at bars and restaurants. They would drop tens of millions of dollars more on leisure activities from golf to tennis clubs. Amusement parks, movies, all kinds of businesses would get a boost.

To implement daylight time, it would cost about \$850 million to adjust time-keeping functions in everything from traffic signals to computer software to coffeemakers.

Kenichi Ueno, an Environment Agency official, said the government-appointed Citizens Council on the World Environment and Summer Hours would soon "reach a positive conclusion" that daylight time was a good idea.

The group is to present its final report to the prime minister and the next step is

for Parliament to discuss and vote on the issue.

Tetsuro Yano, a member of the ruling Liberal Democratic Party and a political point man on the issue, said members of his and other parties will draft, present and back a daylight time bill this spring. "It's important to introduce this system as soon as possible," Mr. Yano said Thursday in an interview.

"It is certain to lead to an expansion of the economy and an increase in consumption," he said.

Mr. Yano said Japan must be more responsible in cutting energy use for the environment's sake, and this is a way to do that. In addition, he said, it would be good for people to have more daylight after work to enjoy themselves.

Currently, many Japanese workers feel they cannot leave the office until their boss leaves, even if they have little work to do. Mr. Yano said this unnecessary and unpaid overtime work should stop. "It's important for Japanese to enjoy more of their life."

Labor unions still fret that daylight time will wind up lengthen the work day. But new public opinion polls show a majority, 54 percent, now approved the idea. In 1990, similar polls showed only 35 percent did.

KOSOVO: Albright Steps Up the Pressure

Continued from Page 1

loosevic — a goal still supported openly by the European allies and thought to have gained quiet acceptance even in Moscow, despite public complaints about it from Russian officials.

If the Kosovo obstinance nullifies the NATO military threat, "the United States seems to have no other strategy in mind as a fallback," a British official said.

Trying to "get the Kosovars over the finish line," Mrs. Albright spoke Monday by phone to leaders in Albania, which has ties to rebellious local leaders in neighboring Kosovo, to ask them for renewed backing for the proposed deal, according to the State Department spokesman, James Rubin.

Her aides were re-crafting a passage in the plan about Kosovo's future after the three-year interim: new draft language reportedly proposed that an international review of the province's status in 2002 would "take into account the views of the local population" — which is 90 percent ethnic Albanian and therefore overwhelmingly opposed to Belgrade's demand that they stay under the control of Serbia.

Amid this drive to reassure the Kosovo delegation, General Wesley Clark, the supreme commander of NATO, joined the talks at Rambouillet outside Paris last Monday for the first time and provided personal explanations of how quickly and effectively an allied peacekeeping force could supplant the Serbian paramilitary forces in Kosovo and guarantee an end to repression there.

The proposal on Kosovo was put forward by the Contact Group of the United States, Russia, Britain, France, Germany and Italy.

"We think it's an extraordinarily good deal, offering real self-government, not foreclosing the future of Kosovo and involving a NATO-led force that can provide real security for the people in Kosovo," Mr. Rubin said. Other officials said that the plan was also now being recommended to the ethnic Albanians by an unofficial group of outside advisers who have worked with the Kosovo delegation at Rambouillet.

Members of this group, including some former U.S. government officials who have been critical of past U.S. compromises with Mr. Milosevic, could not be reached Monday. According to diplomatic sources, these informal advisers were seeking to convince the delegation to settle now.

The Kosovars' refusal to accept a political deal on autonomy, the officials

said, has taken the pressure off Mr. Milosevic and allowed him to avoid serious discussion of the international plan's provision for a NATO-led peacekeeping force to implement an accord on Kosovo's future.

NATO is poised for air raids designed to force Mr. Milosevic to allow a NATO-led peacekeeping force into Kosovo, but the alliance has no intention of launching airstrikes in a situation where the Western bombing would amount to military support for the separatist ethnic Albanian guerrillas. No major nation supports independence for Kosovo — nor is Mr. Milosevic thought likely to accept that loss of formal Serbian sovereignty.

Kosovars Flee Fierce Fighting

Thousands of Kosovo Albanians fled their homes Monday as fierce fighting broke out between ethnic Albanian rebels and Serb forces, Reuters reported Monday from Pantina, Serbia.

Heavily armed Serb forces used tanks to destroy houses and set fire to others while soldiers and police wielded rifle butts to smash windows in a cluster of villages about 30 kilometers (18 miles) northeast of the provincial capital Pristina, witnesses said.

The office of the United Nations High Commissioner for Refugees said about 4,000 people, mostly women, children and the elderly, fled while men had stayed behind.

"At one place there were 500 to 600 people who had fled, sitting along a railway line in the area," a UNHCR spokesman, Fernando del Mundo, said.

TRADE: Japan Surplus Soars

Continued from Page 1

"The Japanese export environment is clearly deteriorating," said Yoshito Sakakibara, an economist at Goldman Sachs.

"Exports to Europe are deteriorating significantly" because of the slowdown in the European economies, Mr. Sakakibara said. In January, exports to the 15 member countries of the European Union fell 1.4 percent, from the month before, the first decline in 25 months.

Japan's trade surplus rose 40.1 percent in 1998 from the previous year to a record \$121.8 billion, while the country's surplus with the United States rose 33.4 percent to \$58.3 billion.

Industrial output in Japan has fallen eight of the past 12 months as companies cut production because of weak consumer demand. Household spending in Japan fell 2.2 percent in 1998 as rising unemployment and falling incomes caused consumers to increase savings.

The fall in consumer spending, which accounts for 60 percent of the economy, helped push the nation into its worst recession in more than 50 years. The government expects the economy to shrink 2.2 percent in the year through March, yet grow 0.5 percent the following year.

Separately, the Finance Ministry reported that Japanese steel exports to the United States plunged more than 25 percent in January compared with a year earlier.

Japanese steelmakers, anticipating the imposition of punitive tariffs by the U.S. Commerce Department, cut exports of steel to the United States in January by 28.7 percent in value and 25.4 percent in volume from the same month a year earlier.

Japan's steel exports have become a major trade conflict between the two countries since the U.S. steel industry accused Japanese companies of dumping low-priced steel in the United States. U.S. steelmakers such as Bethlehem Steel Corp. accused Japanese competitors of dumping, or selling products at below the cost of production.

(AP, AFP, Reuters, Bloomberg)

Congress Has Trust In D.C.'s New Mayor

New York Times Service

WASHINGTON — The District of Columbia is a step closer to realizing the goal of self-government, reflecting a confidence by Congress in Mayor Anthony Williams that it never felt for his predecessor, Marion Barry.

With a credibility built on his years as the District's chief financial officer, Mr. Williams has impressed lawmakers enough in his first weeks in office that the House of Representatives passed a bill last week to shift authority for the day-to-day city government operations from the District's control board back to the elected officials. The Senate is expected to act favorably on the measure.

"This bill gives Mayor Williams the tools he needs to do his job," said Representative Thomas Davis 3d, the Republican of Virginia who is chairman of the House subcommittee that oversees the District.

Before the House vote, Mr. Davis had said it was a "new era" in Washington.

APR 20 1999

ASIA/PACIFIC

A Bus Ride to Peace?

Indian Leader Finds Trip to Pakistan Bumpy

By Celia W. Dugger
New York Times Service

NEW DELHI — Over the weekend, following the bus ride to Pakistan of India's prime minister, Atal Behari Vajpayee, leaders of the two nations acted like members of an estranged family who are trying to heal a rift with the balm of sweet words and impulsive gifts.

Whether they will have the stamina to grapple with their deep-rooted differences remains to be seen, but at least they have begun a slow dance of reconciliation.

In chaste Hindi, Mr. Vajpayee — a Brahmin and a poet-politician — recited couplets from a poem he wrote to celebrate peace, while Pakistan's prime minister, Nawaz Sharif, stood listening nearby on the same green lawn in Lahore. The prime ministers, who made the fateful decision in May to test nuclear weapons, were recasting themselves as men of peace.

Across the border, in the Indian state of Punjab, Chief Minister Prakash Singh Badal awoke to find that his counterpart in Pakistan, who is also the Pakistani prime minister's brother, had listened when Mr. Singh gave voice to a nostalgic longing for the husky, Dumba sheep that Pakistan's Punjab is famed for — and sent two rams and three ewes to his doorstep.

Mr. Vajpayee's visit to Pakistan, the first by an Indian prime minister in a decade, brought some substance along with the schmaltzy gestures.

The nations signed modest agreements promising that they would seek to reduce the risk of an accidental nuclear war, to improve the communication links between their militaries and to continue negotiating with each other on a range of issues.

"It could be a watershed," said Ved Marwah, an analyst at the Center for Policy Research in New Delhi. "No one would have thought such a friendly exchange possible even a month ago. It's part of a process and one hopes it takes off. But it's too early to say what will result. It's a good beginning, but that's about all at this stage."

American officials, who have been pushing India and Pakistan to keep their nuclear arsenals at the lowest possible levels, said they were encouraged by the new diplomacy. "Perhaps the most promising feature is that the two sides have agreed to sustain contacts at a high level," said Donna Roginski, a spokeswoman for the U.S. Embassy here.

The prime ministerial bugs and the ritual language of friendship are just small steps to easing the enmity that has

defined relations between these two nations since they were ripped asunder when the Indian subcontinent gained independence from Britain in 1947, making predominantly Hindu India and overwhelmingly Muslim Pakistan.

The two nations have fought three wars against each other, two of them over the disputed territory of Kashmir. And they now have hundreds of thousands of troops deployed against each other along the boundary that separates the two-thirds of Kashmir India controls from the one-third in Pakistani hands.

Mr. Vajpayee's visit is not the first attempt to repair the wounds of Partition, as the country's sundering is called. Almost four decades ago, India's first prime minister, Jawaharlal Nehru, went to Pakistan bearing a message of friendship and peace, as did Nehru's grandson, Rajiv Gandhi, in 1988, when he was prime minister.

But the cycle of heartbreak and rage has continued. On the eve of Mr. Vajpayee's visit to Lahore, Islamic militants — whom Indians generally believe are backed by Pakistan — massacred 20 Hindu civilians.

In the public events over the weekend in Pakistan, Mr. Vajpayee never spoke out directly about the massacres — though his first words on landing back in India were to assure reporters that he had sternly warned Mr. Sharif that the prospects for peace were dim if innocent men, women and children continued to be murdered.

The Asian Age, an influential English-language newspaper in New Delhi, condemned the prime minister for his silence.

"While Mr. Vajpayee was dining in the banquet hall of bonhomie, there were children in Jammu who had become orphans and families who had been wiped out for no reason other than that they had been born Hindus," the paper said in an editorial today. "How could Mr. Vajpayee have forgotten to remind his hosts that such barbarism was beyond the boundaries of civilized behavior, irrespective of the nature of any dispute that India and Pakistan may have over Kashmir?"

But the editorialists' anguished cry was the exception. More typical was the reaction of Uday Bhaskar, deputy director of the government-funded Institute for Defense Studies and Analyses in New Delhi.

Had Mr. Vajpayee publicly excoriated Pakistan for killings by militants who may be beyond their power of the Pakistanis to control, he might have undermined the purpose of his visit: to build a foundation for future progress between the two neighbors.



A Karachi bus owner trying Monday to save his vehicle after extremist riots related to the Indian leader's visit.

U.S. May Send Perry To Press North Korea

By Jim Mann
Los Angeles Times Service

WASHINGTON — The Clinton administration may send William Perry, a former secretary of defense, to North Korea in what would be a high-profile effort to try to resolve disputes over that country's nuclear and missile programs, according to U.S. officials.

Mr. Perry was appointed late last year to conduct a review of U.S. policy toward North Korea. If he visits Pyongyang, it will be the most significant and

high-level contact between the United States and North Korea since former President Jimmy Carter made a comparable journey in 1994.

The possible Perry mission is merely one component of an intensifying international effort to deter North Korea from developing weapons of mass destruction.

A U.S. special ambassador, Charles Kartman, is expected to meet with North Korean officials in New York this week to try to arrange for inspection of an underground site where Western officials

suspect North Korea is working on a nuclear program. Such work would violate agreements with the United States.

Meanwhile, according to U.S. officials, there are signs that President Jiang Zemin of China may be preparing for talks with President Kim Jong Il of North Korea.

A meeting between the leaders of North Korea and China — on which the Pyongyang regime depends for both food and oil supplies — would be unusual, apparently the first in more than a decade.

BRIEFLY

Hong Kong Warns of Ousters

HONG KONG — The government said Monday that it would deport hundreds of mainland Chinese if a local court ruled against their residency in a test case to be heard in March.

The acting secretary for security, Raymond Wong, urged mainlanders claiming the right of abode in Hong Kong to apply through legal channels by returning to China.

"If the government wins the case, the immigration director will immediately deport them," Mr. Wong said. By late Monday, more than 500 mainlanders had applied for permits to stay in the territory pending the case.

Hong Kong's high court ruled Jan. 29 that all mainland children of Hong Kong permanent residents had the right to

live in the territory and called one-way exit visas required by China unnecessary. Beijing contests that ruling. (Reuters)

For the Record

Indonesia has registered almost 150 new political parties in the countdown to the June 7 parliamentary election, formally breaking away from the three-party system dictated by former President Suharto. (Reuters)

A man wielding a shotgun opened fire on a busy street in the Australian coastal city of Wollongong on Monday, killing one man and wounding six persons, authorities said. The gunman jumped into a vehicle immediately after the shooting and was driven away by another man, witnesses said. (AP)

Rebel Scorns Singapore's Police Permit For Speeches

The Associated Press

SINGAPORE — An opposition leader on trial for challenging a law that requires police permits for political speeches said in his defense Monday that charges against him were official persecution and that the permit procedure was a sham.

Chee Soon Juan, secretary-general of the 200-member Singapore Democratic Party, is charged with violating the Public Entertainments Act by giving a political speech without a permit on Jan. 5 in a park area of Raffles Place, in the central business district.

Mr. Chee, representing himself at the trial, charged that members of the governing People's Action Party have given outdoor political speeches, while the police routinely deny requests from the opposition for such access to the public.

He said the law unconstitutionally restricted freedom of speech and was applied unfairly.

"If I am doing something which a PAP member of Parliament is doing," Mr. Chee said, then "to charge me for that offense is not prosecution but persecution."

"I believe that as a citizen of this country, under the constitution of the Republic of Singapore, I am entitled to be treated equally under the law."

It is the second trial for Mr. Chee, who refused to pay a 1,400 Singapore dollar (\$800) fine assessed this month for a Dec. 29 speech at the same site. He was sentenced to seven days.

The maximum fine is 5,000 Singapore dollars. But any fine over 2,000 dollars would prohibit him from running for office for five years.

He succeeded in getting into evidence a letter from the Home Affairs Ministry, which oversees the police, indicating that no permit would be given for an outdoor political speech.

Permits for indoor speeches are usually given when it is too late to organize the event, Mr. Chee charged.

For the prosecution to say that he spoke without a permit "is a total sham," he declared.

"It's got absolutely nothing to do with procedural matters or the potential for disorder," he added, "but everything to do with political control and abuse of power by the ruling party, using legalistic and procedural methods."

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TRADE:
Japan Surplus Sold

Continued from Page 1

The Japanese government said Monday it had sold surplus goods to the United States for \$1.5 billion, a record for the program. The sale was part of a larger effort to reduce Japan's trade surplus with the United States. The goods included a variety of consumer products, including clothing, toys, and electronics. The sale was expected to help ease tensions between the two nations over trade imbalances.

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EUROPE

Britain Confronts Police Attitudes, or 'Rodney King Without the Video'?

By Sarah Lyall
New York Times Service

BIRMINGHAM, England — Police stopped Carl Josephs on suspicion of having a stolen car. They stopped him on suspicion of having a criminal record. They stopped him on suspicion of carrying drugs, of not wearing a seat belt, of driving where he did not belong. They stopped him, he said, 34 times in two years, until finally he started taking the bus to work.

Because he never was found to have done anything wrong — never ended up with so much as a speeding ticket — Mr. Josephs, a quality-control supervisor in a meat factory, could only conclude that he was singled out because he was black and drove a car with a big picture of Bob

Marley, the late Jamaican reggae star, on the back.

"Every time I went out of the house, the first thing I thought is, 'Am I going to be harassed?'" he said.

Finally, he couldn't take it any more. In the first case of its kind in Britain, he sued the West Midlands Police, complaining that he had been racially harassed. And though he won on only one of his complaints, that he had been wrongfully stopped on one occasion, his case added to what has become an increasingly noisy debate in Britain about the way police treat people from minority groups.

For years, black and Asian Britons have complained about what they see as overt and tacit police racism, and except at times of particular upheaval, like the

riots in Brixton in 1981, no one in authority has paid much attention.

But in the past few months, the issue has been at the forefront of the country's consciousness. More and more people like Mr. Josephs are making public complaints.

Home Secretary Jack Straw recently told a parliamentary committee that he planned to require Britain's police departments to hire more minority officers. And the government is poised to release a stinging report about race and the police that is likely to order nothing less than a sea change in British police culture.

The impetus for all this is the six-year-old case of Stephen Lawrence, a case that Peter Herbert, the chairman of the Society of Black Lawyers, described in an interview as "Rodney King without

the video."

Mr. Lawrence, an 18-year-old black student, was set upon and stabbed to death in South London in 1993 by a group of white youths who directed a racial epithet at him. What happened to him, and how police apparently botched the inquiry, has proved a galvanizing force among minority groups, as well as forcing the rest of the public to pay attention.

"The Stephen Lawrence case has got such exposure that in other places, like Birmingham, cases of racial terror and injustice are finally being recognized," said Marie Hayles, chairman of the Birmingham Racial Attacks Monitoring Unit. "It's a shame that it should take the death of a schoolboy to bring this out in the open, but unfortunately that's what did it."

Mr. Straw is due to release a much-anticipated independent report this month on police handling of the case. The report is expected to present a damning portrait of police incompetence and racial prejudice, and to conclude that London's Metropolitan Police, Britain's largest police force, is guilty of pervasive institutional racism.

Richard Norton-Taylor, whose play about Mr. Lawrence's killing, "The Color of Justice," has been playing to rave reviews in London, said that the attention paid to the Lawrence case and others was a sign that British attitudes toward the overarching authority of the police and other institutions were finally being called into question.

"There's been an antipathy building up toward the cops for all sorts of different reasons, but it hasn't been part of the culture to have movements, to protest in an organized way," he said. "But what we're seeing now is that there's a slow building up of demands

for more openness, whether on racism or consumerism or medical matters. There is much less deference."

That there may be racism in the Metropolitan Police hardly seems surprising in a city where 20 percent of the population, but only 2.3 percent of the police force, is made up of people from minority groups.

Of the 860 or so black and Asian police officers, only 24 hold the rank of inspector and above, and only about 20 are sergeants, said Inspector Leroy Logan, chairman of the National Black Police Association. (As a whole, ethnic minorities account for 5.6 percent of the British population, and 2 percent, or 2,500, of the 127,000 police officers in England and Wales.)

But it has taken Britain, at least white Britain, until now to ask whether there is anything unusual about these numbers. Britain has never had anything like the American civil rights movement. Nor has it had an affirmative action system or a system of racial quotas. Large numbers of black residents began arriving only about 50 years ago, coming by boat from the Caribbean as part of an influx of postwar immigration, giving parts of Britain a sizable minority population for the first time.

Nor is there a history of slavery here. But black residents and members of other minority groups have had a hard time beating their way into the corridors of power.

Efforts to change the status quo have been difficult: Britain has traditionally been a society of deference, in which institutions of authority, like the police department and other government agencies, are meant to be respected, not questioned.

In Britain, people have traditionally acquiesced, rather than insisting on

standing up and being counted," Mr. Logan said. "In America, the response has always been much more militant, more in your face."

"Here, until recently, racism was not a word that was generally discussed in the media, and it was out something on every chief constable's agenda. Suddenly, the community has been galvanized."

Recent polls show that confidence in the police is falling. In a poll conducted by Gallup for The Daily Telegraph, 60 percent of people interviewed said that they were satisfied with the way the police do their job, compared with 74 percent 10 years ago. At the same time, a third of those questioned said they believed the police treated black and Asian people worse than they treated whites.

Why has the Lawrence case been so important? If it hadn't been for the determination of Stephen Lawrence's parents, his death would probably have been quickly forgotten and filed away. But Neville and Doreen Lawrence pushed for answers from what they said was a high-handed police department. When none of the five young white men who were identified by numerous informants as the likely murderers were brought to trial, Stephen's family brought a civil suit against them.

In the end, there was insufficient evidence to find anyone guilty of Stephen's murder. But the civil case, and an inquest in which all five suspects refused to answer questions on the advice of their lawyers, provoked widespread outrage. At the same time, the government not only ordered an inquiry into the case, but also began examining the culture of the country's police forces. Now, Mr. Straw is considering changes to a system that has protected police officers guilty of misconduct and allowed them to retire early with their pensions intact.

London Police Racist, Probe Finds

By Warren Hoge
New York Times Service

LONDON — A long-awaited government report has found London's police force to be "riven with pernicious and institutionalized racism" and suggests that chief officers must accept that conclusion as a condition for keeping their commands.

The report, which surprised leaders of Britain's nonwhite communities with its sweep and bluntness, makes 70 recommendations for changes in police practices and social habits "designed to usher in a fundamental transformation of Britain's race relations."

Sir William Macpherson, a retired High Court justice who was the author of the report and chairman of the eight-month government inquiry, defined institutional racism as "the collective failure of an organization to provide an appropriate professional service to people because of their color, culture or ethnic origin," reflected, he said, in "processes, attitudes and behavior which amounts to discrimination through unwitting prejudice, ignorance, thoughtlessness and racist stereotyping."

His report said, "There must be an unequivocal acceptance of the problem of institutionalized racism and its nature" and that "any chief police officer who feels unable to respond will find it extremely difficult to work in harmony and cooperate with the community in the way that policing by consent demands."

Among the recommendations were measures making individual officers liable for legal judgments of up to \$800,000 for racist behavior, giving the Commission for Racial Equality statutory power to investigate the police, making racist language even in private conversations criminally punishable, changing the national school curriculum to emphasize cultural diversity and improve race awareness, and empowering the Court of Appeal to allow acquitted defendants to be

Report slams 'the collective failure of an organization.'

tried anew if compelling new evidence comes to light.

The judicial recommendation, in effect eliminating protection against "double jeopardy," addresses the case that gave rise to the report, the 1993 murder of Stephen Lawrence, an 18-year-old Londoner of Jamaican descent, by five white youths with a history of race baiting. Three of the suspects were acquitted in 1996 in a widely faulted prosecution and cannot be tried again despite the subsequent emergence of a video tape in which they assailed blacks and demonstrated knife techniques that bore chilling resemblances to the way Mr. Lawrence was killed.

The inquiry into the Lawrence case and racism among the police ended in November after 69 days of hearings

over an eight-month period and has taken on dramatic new life this year through a play based entirely on testimony called "The Color of Justice" that is playing to sellout audiences in a small West London theater and is moving to the West End in May.

At many points in the lengthy proceedings, police witnesses, including Sir Paul Condon, the Metropolitan Police commissioner, turned aside all references to the existence of institutional racism on the force, the very characterization they are now being told they must embrace. The official originally in charge of the Lawrence investigation, Deputy Assistant Police Commissioner David Osland, said at the time,

"The suggestion that any police officer would investigate a murder less competently because the victim was black is an absolute disgrace."

At the outset of the hearings, Mr. Lawrence's parents, Neville and Doreen Lawrence, and others pursuing the case protested the choice of Sir William as chairman, saying he was insensitive to their needs and perspectives.

But Monday there was praise and expression of some astonishment at his conclusions.

Peter Herbert, the chairman of the Society of Black Lawyers, said that Sir William had "managed to grasp the nettle" of Britain's race relations. "Our expectations were low, but if they had been higher, this is the sort of thing we should have expected," he said.

BRIEFLY

German Bishops and the Pope Disagree on Abortion Strategy

BERLIN — Germany's Roman Catholic bishops convening Monday for an annual winter conference were looking for ways to remain in the state abortion counseling system despite pressure from Pope John Paul II to stop signing what he has characterized as permission slips for abortions.

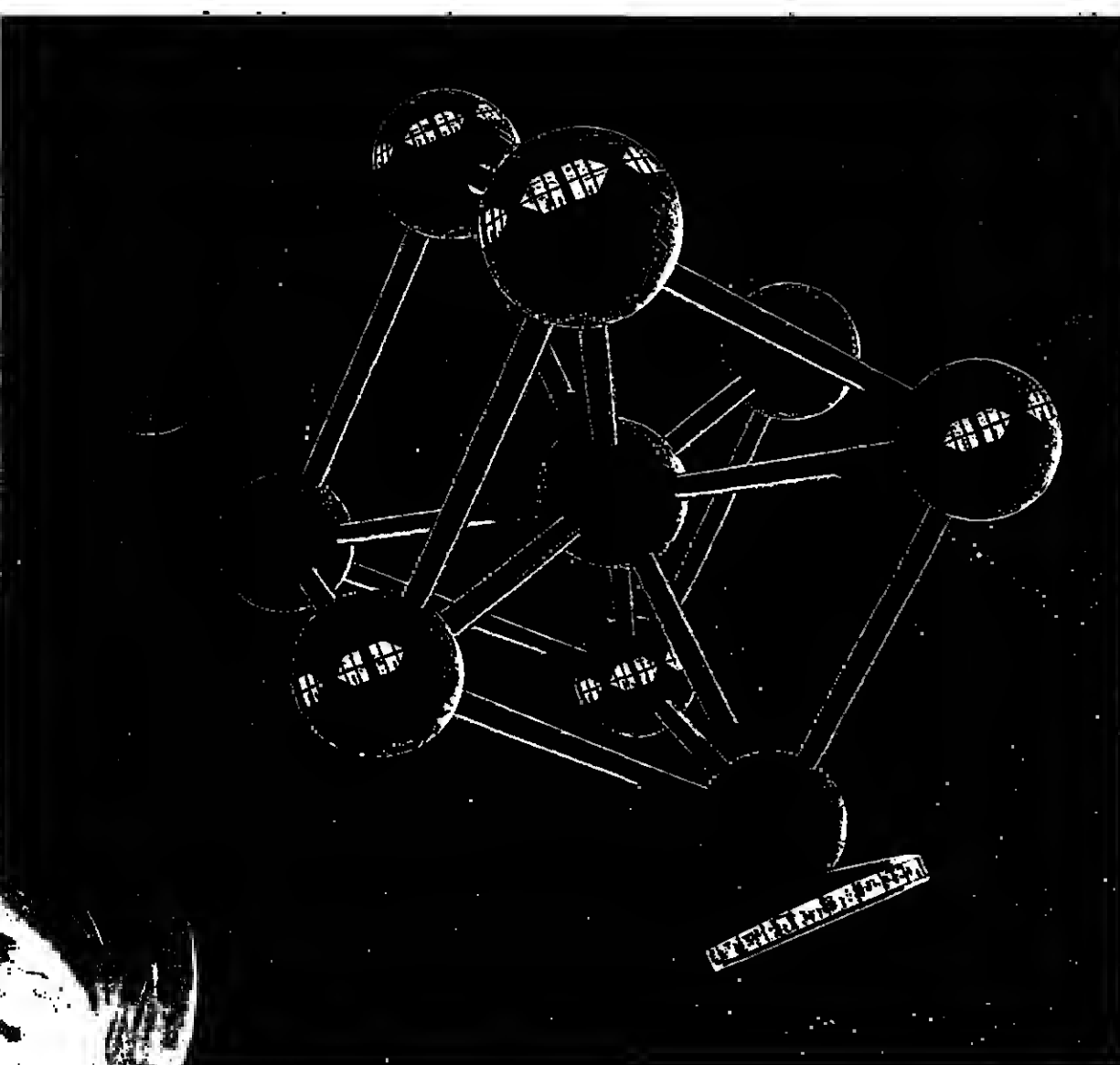
The certificates state that the woman has undergone the legally required counseling, which is offered by church groups, the Red Cross and the state, and lists the grounds for the abortion. Many bishops argue that if they stopped issuing the certificates, fewer pregnant women would seek counseling from the Catholic church, possibly resulting in more abortions in Germany, rather than fewer. (AP)

For the Record

A suspected extortionist has placed pipe bombs on two beaches in Salon, Spain, killing one man and wounding 11 others, but officials said Monday they expect to close the case before the tourist season opens in April. (AP)

Kjell Magne Bondevik, prime minister of Norway, met Monday with Prime Minister Benjamin Netanyahu of Israel in Jerusalem and offered to create a \$60 million fund to compensate Norwegian Jews for property stolen by the Nazis during World War II. (AFP)

Police in Northern Ireland detained several more suspects Monday for questioning about the bombing last August in the town of Omagh. Seven people had already been arrested Sunday. (Reuters)



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Ocalan Capture
Stokes Tensions

Greece and Turkey Trade Barbs

By Stephen Kinzer
New York Times Service

ISTANBUL — Turkey and Greece exchanged harsh words Monday as their conflict over a captured Kurdish guerrilla commander further soured relations between the two neighbors.

The Kurdish commander, Abdullah Ocalan, whose fighters have been waging war against the Turks for 14 years, was seized by Turkish commandos in Kenya. He had been living there clandestinely under the protection of Greek diplomats.

President Suleyman Demirel of Turkey said Greek leaders "must be made to explain to the international community how they came to support a terrorist murderer who has killed thousands of people."

"Greece should be added to the list of countries that support terrorism and harbor terrorists," Mr. Demirel said in a television interview he gave during a visit to the Philippines. "A country like that can only be described as an outlaw state."

"If Greece continues its illegal behavior," he said, "we reserve the right given to us by international law to take the necessary measures for legitimate self-defense."

Mr. Demirel's statement came a day after Foreign Minister Ismail Cem said the Turkish government would ask the European Union to review Greece's actions.

"We expect the European Union to seriously examine the case of one of its members which has violently opposed the organization's charter, commitments and obligations," Mr. Cem said.

He said Turkey was considering lodging a complaint against Greece at the United Nations.

In response, Foreign Minister George Papandreu of Greece charged that Turkey was trying to turn Greece into a scapegoat for its Kurdish problem, and he urged Turkey to solve the problem quickly.

"If not, I fear spiraling into further destabilization, further problems," Mr. Papandreu said.

A spokesman for the Greek Foreign Ministry, Dimitris Reppas, asserted that Turkey was "trying to plot against Greece with imprecise statements and tall tales."

"Turkey is inventing an external enemy to distract the international community from the fundamental problem of acknowledging and respecting the human rights of the Kurdish people," Mr. Reppas said.

"It is presumptuous of Turkey to make accusations when it illegally occupies half of Cyprus and systematically violates legal and human rights."

At a meeting in Luxembourg, EU foreign ministers issued a statement saying the union "takes note of the assurances of the Turkish government that Abdullah Ocalan will have a fair trial."

Turkish officials have said they will not permit observers from foreign organizations to attend Mr. Ocalan's trial.

A Turkish newspaper with close ties to the military, Hürriyet, published what it said were statements Mr. Ocalan has given to interrogators since his capture.

According to the newspaper, Mr. Ocalan said Greece supported his group for years, provided it with missiles and other weapons, and trained its fighters at camps on Greek territory.

Lawyers for Mr. Ocalan have not been allowed to visit him at his island prison, and it was not possible to verify his reported statements or to determine the conditions under which they were made.

Greek leaders have in the past denied similar allegations.

In the Turkish city of Diyarbakir, center of the country's Kurdish region, some shopkeepers reportedly shut their doors Monday in response to an appeal by a group that supports Mr. Ocalan.



Saddam Hussein, right, meeting with aides to review Iraq's relations with other Arab states.

BRIEFLY

Payment Ordered for Dissident's Wife

CAIRO — An appeals court ordered the Interior Ministry on Monday to pay the wife of a Libyan dissident 100,000 Egyptian pounds (\$29,300) in compensation for his disappearance in 1993, court sources said.

Baha Emari, who now lives in Washington, had sought damages of 500,000 pounds from the ministry, which she accused of failing to prevent the abduction of her husband, Mansour Kikha, the former foreign minister of Libya.

Mr. Kikha, who was also head of a Libyan opposition alliance, disappeared while attending a human-rights conference in Cairo.

The judge, Abdel-Hamid Mohamed Adroust, said in Monday's verdict the state was responsible for any incident involving foreigners on Egyptian soil. Interior Ministry officials were not immediately available for comment.

Jordan's New King Retires 4 Generals

AMMAN — King Abdullah has approved orders to send four top generals into retirement, the first such changes he has made since assuming the throne after the death of his father, King Hussein, officials said Monday.

They said the most senior army official to be retired was Major General Tahseen Shurdim, a career soldier of Circassian origin, who was likely to become joint chief of staff of the armed forces.

He had been commander of ground forces within the 100,000-member military for nearly a decade. Previously he was assistant to the joint chief of staff for military intelligence.

The other leaders who were sent to retirement were Eid Rweidan,

head of military intelligence; Hamzeh al-Azh, head of personnel, and Mohammed Abbadi, head of administration. (Reuters)

PRI Leads in Mexican State Vote

CHETUMAL, Mexico — Mexico's governing party appeared to have beaten back a stiff challenge by opposition parties in a race for the governorship of the Caribbean coast state of Quintana Roo. With 12.68 percent of the vote counted, the Institutional Revolutionary Party's candidate, Joaquin Hendricks, had 40.93 percent of the vote.

Gaston Alegre of the leftist Democratic Revolutionary Party had 31.8 percent, and a pro-business party, National Action, had 23 percent.

Though Democratic Revolution held out hope it could win, Mr. Hendricks proclaimed victory. "We have won cleanly," he told a cheering crowd of supporters in Chetumal, the state capital. He promised to govern "with honesty and commitment."

Early results were not yet available for another race, the gubernatorial election in Hidalgo. But the ruling party was expected to easily retain control of the state. (AP)

New Conservative Party in Canada?

OTTAWA — Conservative activists from across Canada have voted in favor of creating a new conservative political party to improve their chances of ousting the centrist Liberals from power.

The vote Sunday came at what organizers called the United Alternative convention, attended by about 1,500 delegates.

The purpose was to find ways of ending conservative vote-splitting that helped the Liberals of Prime Minister Jean Chretien win parliamentary majorities in the past two elections. (AP)

U.S. Jets Again Respond
To 'Provocation' by Iraq

Agence France-Press

WASHINGTON — U.S. fighter jets bombed sites in northern and southern Iraq on Monday in response to "provocation," the U.S. military said.

The bombing in the south "was in response to two Iraqi MiG-23 jets entering the southern no-fly zone," said Major Joe LaMarca, spokesman for the U.S. Central Command in Tampa, Florida.

"We've seen this pattern of cheating by the Iraqi aircraft for several months now, and that's provocation enough to strike," he said.

The official Iraqi press agency, INA, reported one Iraqi had been killed and several others wounded.

An Iraqi military spokesman, quoted by INA, said 10 formations of "enemy" planes carried out 32 sorties in a no-fly zone over southern Iraq, penetrating the country from Saudi Arabia and Kuwait.

Major LaMarca said the Iraqi MiG jets had not attacked allied forces, but their entry into the no-fly zone imposed on Iraq by U.S. and British forces since the 1991 Gulf War was considered sufficient cause for reprisal.

"We have said repeatedly that we would respond to any Iraqi provocation as we deem appropriate to ensure the safety of our forces in the area, and that's what we did," Major LaMarca said.

He said U.S. Air Force F-15E Strike Eagles and British GR-1 Tornados hit two communications facilities and two weapons storage facilities near Basra.

Asked about the report of casualties, Major LaMarca said, "That's something Iraq has said many times. They've made claims of casualties, but we have no independent confirmation of those."

"As always, we continue to make every effort possible to minimize civilian casualties and collateral damage," he said.

According to Iraq, which does not recognize the exclusion zones enforced in the north and south by Washington and London, 11 people have been killed in attacks by U.S. and British warplanes since Feb. 4.

Meanwhile, in northern Iraq, U.S. fighter jets also dropped 11 precision-guided bombs on anti-aircraft artillery and radar sites Monday after being targeted by radar and fired on, the U.S. European Command reported.

The U.S. F-15E jets had been "conducting routine enforcement of the northern no-fly zone" when they were attacked, and they responded by bombing sites near Mosul, the European Command said.

The Iraqi military spokesman quoted by Iraq's official news service said two more Iraqis were wounded when allied planes from Turkey bombed anti-aircraft positions in northern Iraq.

The U.S. jets suffered no damage and all returned safely to their bases, the European Command reported, adding that damage to Iraqi forces was being assessed.

Reports of Unrest Are Denied

The Iraqi government denied reports on Monday that the killing of a Shiite Muslim cleric had sparked unrest in Iraq. The Associated Press reported from Baghdad.

"We once again confirm that what is being alleged by hostile media and circles on the so-called disturbances in a number of provinces is a figment of imagination," Uday Tai, director-general of the official Iraqi News Agency, told reporters. He added that enemies of Iraq "want to stir trouble and undermine the country's unity."

Iraqi opposition groups outside the country have alleged that the killing of Grand Ayatollah Mohammed Sadiq Sader and two of his sons last Friday touched off riots in Baghdad and in heavily Shiite southern provinces.

Return to Sender, Address Unknown
On Saipan, Streets Have No Names, and Houses No NumbersBy Seth Faison
New York Times Service

SAIPAN, Northern Mariana Islands — No place on this entire island, a tropical atoll of land in the Pacific Ocean, has an address.

There are no names on the roads that meander alongside the palm trees, nor on the streets that crisscross the island's modest capital city. No house has a number — not the humble shacks on the hilly inland roads nor the fancy estates that stretch out beside a lengthy beachfront, not even the modern office buildings.

That may sound forlorn, but it is not. It is a way of life.

The sun shines every day in Saipan, where the fragrant and summery air rarely dips below 70 degrees Fahrenheit (21 degrees centigrade) or climbs above 80 (27 degrees centigrade). The locals, a mix of Pacific islanders and Caucasians, wear shorts and flip-flops year-round.

There seems to be little sense of urgency about anything in Saipan.

Street names and numbers, many people here say, would be an unnecessary bother, an unwelcome intrusion of modern life.

"Why do you need an address when you know where everything is?" asked Lou Drenian, a legal secretary, giving voice to a nonchalance as pervasive as Hawaiian shirts. "If I go someplace new, I just ask."

And ask. And how.

People in Saipan are so accustomed to asking and giving directions that they think nothing of lengthy and roundabout discussions involving odd landmarks.

Bumps in the road, funny-looking trees, anything distinctive can help, since the streets are nameless.

That may have seemed logical in the old days, early this century, when Saipan was a distant outpost populated by only a few hundred people and

everyone knew everyone and where they lived. But now, Saipan's population has climbed to 70,000. After being ruled by Spain, then by Japan, then by the United Nations, Saipan became a U.S. Commonwealth in 1978 as part of the Northern Mariana Islands.

Modern features of life such as fast-food joints and luxury beach resorts make Saipan look like any other tropical corner of America — except, of course, that there are no addresses.

Postal delivery in Saipan is no problem. There is none. Residents all have boxes at the central post office, which naturally has become a lively social center, since everyone goes there regularly. At first, finding one's way around Saipan can be confusing.

But many newcomers settle into a comfortable addresslessness before long. "When I first got here, I thought it was the dumbest thing in the world," said Terry McLaughlin, librarian at the Joaquin Public Library, who moved to Saipan last year. "After a couple of months, it becomes quite normal. If you sort of needs things, keeps things local."

Naturally, a portion of Saipan's workforce is getting impatient for addresses, even if they are a minority. Just imagine how hard it is to deliver a pizza.

"It's a real headache," said Robert Brillantes, a pizza deliverer for Pizza Forum, just off Saipan's main road. (It doesn't have a name.) "It's the hardest when I have to go up in the hills, looking for houses surrounded by trees, where you can't see anything."

Inevitably, Mr. Brillantes takes down a detailed explanation of how to find a customer's house and relies on his mobile phone for even more specific directions after he gets lost. He is always getting lost.

"Up Navy Hill, left by the broken pump, the white house across from the basketball court," Mr. Brillantes said, reciting the directions he was given earlier in the day. "But when I got there,

there were three white houses. I had to call twice before I figured it out."

Even the slow-moving local government, which one local businessman described as alternating between laziness and vacation, has recognized the need to name and number streets.

A commission was set up to do so, but that was in 1988, and little discernible progress has been made.

The commission apparently got bogged down as soon as it came to picking the names. A dozen large and extended families own most of Saipan, and each one wanted roads and streets named for a family patriarch or illustrious relative.

Frustrated by the bickering, the Saipan Senate passed a bill in January recommending action.

"To date the task of naming and numbering the streets has yet to be completed," said the bill.

"The situation is reaching crisis proportions, and, especially in these tough economic times, the legislature finds that Saipan needs organization of this efficiency," Gellyn Villalujan is all for efficiency. She runs Saipan's Federal Express office, and making deliveries without addresses is, as she put it, not always easy.

"You think it's easy?" she asked, laughing, apparently pleased that anyone sympathized with her predicament.

"I think I have the hardest FedEx job in the world."

Some Saipan residents have more mundane concerns.

"Victoria's Secret won't deliver to a postal box," complained Jill Howard, a teacher who has lived on Saipan for more than four years, referring to the lingerie company.

"It's a real pain," she said. "You have to have them deliver to your family on the mainland and have them send it out."



Lola Abiola-Edewor, daughter of the late opposition leader Moshood Abiola, who died in prison last year, celebrating with friends, family and supporters after she won a National Assembly seat in Nigeria's elections.

Obasanjo's Party Wins Nigeria Majority

Reuters

MINNA, Nigeria — The party backing Nigeria's former military ruler, General Olusegun Obasanjo, has secured a slim majority in the National Assembly that will take over lawmaking from the ruling generals, partial results showed Monday.

The victory strengthened General Obasanjo's position as the favorite to win the presidential election on Saturday, two decades after he became Nigeria's only military ruler to step down for an elected civilian.

But not far behind was an alliance of parties backing a former finance minister, Olafemi Fajana, who says that electing General Obasanjo would mean an extension of the latest 15-year episode of military rule.

The elected National Assembly is to replace a council of generals as Nigeria's law-making body after May 29, the day General Abdulsalam Abubakar has pledged to step down as head of state.

With less than one-fifth of the results still to be announced from voting on Saturday, General Obasanjo's People's

Democratic Party had won 194 seats in the 360-member House of Representatives and 59 of the 109 Senate, or upper house, seats.

The Alliance of Democracy and the All-Progressive Party, bound by an electoral pact, won 127 House and 39 Senate seats between them.

Turnout for the elections was low, and foreign and local observers said they hoped it was not a sign of apathy about the transition. Both General Obasanjo, 61, and Mr. Fajana, 60, plan election rallies over the next five days.

Bonn Drops Ban on Nuclear-Waste Recycling

Compiled by Our Staff From Dispatches

BONN — Environment Minister Juergen Trittin has dropped a proposed ban on nuclear-waste recycling from draft legislation, his spokesman said Monday.

The proposed ban drew protests from Paris and London, which warned they would seek compensation if Bonn decided to abandon existing contracts to reprocess spent nuclear fuel in France and Britain.

The Environment Ministry spokesman, Michael Schroeder, said Mr. Trittin had dropped the clause from a new draft of legislation under which Germany would scrap nuclear energy.

The new draft made no mention of recycling, Mr. Schroeder said.

The text to be examined by the cabinet March 3, called for an "orderly" move to scrap nuclear energy, a reduction in nuclear-waste transport and the

development of temporary storage centers near power plants.

It would ban construction of any new nuclear reactors.

Mr. Trittin initially wanted to ban reprocessing as of Jan. 1, 2000.

The Rheinische Post said the revised bill would lay out plans for an "orderly and safe ending" of nuclear power in Germany, including a ban on permits for new plants, a reduction in spent fuel transport and increased safety measures at current sites.

Germany's center-left government has pledged to phase out nuclear power in Germany but has been fighting internally and with the nuclear industry over how and at what speed.

Mr. Trittin, a Greens party leader who has been pushing hardest for quick action, had proposed banning shipments of spent fuel as of Jan. 1, 2000, but French and British companies that hold long-

term contracts for the reprocessing work protested.

Nuclear-plant operators also complained that the ban was unwelcome because there was not enough storage capacity in Germany.

Chancellor Gerhard Schroeder backedtracked on the plan last month amid concerns Germany would have to pay compensation to the firms if it canceled the deals.

The chancellor also criticized Mr. Trittin for moving too fast.

The French and British companies also said Germany would have to take back all it had sent for reprocessing if the contracts were canceled.

But the Badmer Morgenpost reported Monday that that would not be possible now because a railroad bridge over which transports would have to travel, near Luechow-Dannenberg, no longer could handle such heavy loads. (AFP/AP)

U.S. Urges Russia to Join Y2K Warning Plan

By Michael R. Gordon
New York Times Service

MOSCOW — The United States has urged Russia to set up a joint missile-warning center before the end of the year to reduce the risk that the year 2000 computer problem might trigger a false nuclear alert.

The proposal was made in talks last week between U.S. and Russian military officials, a senior Pentagon official said.

It is part of a broader effort to prevent the millennium bug from disrupting Russian systems used to warn of enemy attack and to maintain control over the nation's vast nuclear arsenal.

"The Russians responded with interest," said the official, Edward Warner, an assistant secretary of defense.

As 2000 approaches, experts around the world have been concerned about computer breakdowns that might occur if software misinterprets the year 2000 as the year 1900. The problem worries military specialists, who fear that computer problems might disrupt radar and command systems on which the Russians depend to retaliate against a nuclear attack.

Russia appealed to the United States this month for help in fixing its computers that control nuclear weapons.

Pentagon officials say the danger of an accidental nuclear war is minimal, even if the so-called Y2K bug is not fully eradicated. A sober-minded military leadership and a general awareness of the computer problem, they say, should be sufficient to prevent the Russians from inadvertently firing their nuclear missiles.

Still, the Pentagon does not want to take any chances. Under the latest plan, a joint missile-warning center would be established, probably in the vicinity of Moscow. It would be staffed with both U.S. and Russian officers. The United States would transmit data about missile launches from its satellite and land-based radars to that center and also separately to the Russian military's command center.

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

India and Pakistan

A flip of expectation has been imparted by a symbolic gesture of accommodation between India and Pakistan. To open regular passenger service across an otherwise scantly crossed border, Prime Minister Atal Bihari Vajpayee took the first bus to Lahore, there to be greeted by his Pakistani counterpart, Nawaz Sharif. The air is appropriately full of cautions for any substantial mellowing between the two rival and now openly nuclear regional powers. But there seems also to be a sense of some awareness that the mutual posing of a direct nuclear threat requires adjustment on both sides.

There is an unmistakable tension between the approaches taken by the two countries. The Indians possess the territory, Kashmir, whose disposition fuels the seminal dispute between them. They favor a process of state normalization that will in essence accustom Pakistan to living with its Kashmir aspirations unfulfilled. On their part the Pakistanis distrust any strategy that reduces the pressure on India to submit the governance of Kashmir to public referendum. They seek to draw in other countries to give them political support for this democratic procedure. Formidable public pressures in both

countries shore up a status quo that is familiar but now, with their nuclear tests last May, frightening as well.

The United States, since May, has been discreetly working its way into becoming a potential mediator. Not that either country shows great confidence that Washington will deliver either the strategic protection Pakistan craves or the acknowledgment of big-power status that is India's leading goal. But the politics of the two countries do not yet support an immediate negotiation, and other, promising forums of diplomacy are not available.

The American priority, as pursued by Deputy Secretary of State Strobe Talbott in eight rounds of talks in eight months, is to establish an agreed measure of nuclear restraint on the subcontinent. In the improved relationship that presumably would follow, a Kashmir initiative might become more feasible. Chances must be judged thin: it is necessary to note that all previous approaches to the problem have failed. It is also necessary to keep before the parties the core American concern that a fourth war between India and Pakistan is conceivable and could turn nuclear.

—THE WASHINGTON POST.

A Despot in Belarus

Stepan Simonuk is a farmer in Belarus who recently bought some pigs from a state-owned farm. But he made the mistake of paying cash—a crime in Belarus, which requires those doing business with a state farm to pay by taking out a loan from the state bank. Now Mr. Simonuk has been fined 4.5 billion Belarusian rubles, about \$45,000 at the official exchange rate. Since he cannot pay, he is about to lose his 44-hectare farm. His story is one of those told by the Belarusian filmmaker Leonid Mindlin in a documentary, "Fear," about how Belarus's neo-Stalinist dictator, Alexander Lukashenko, keeps control.

Mr. Lukashenko, who makes no secret of his admiration for Stalin, does not merely persecute independent politicians, journalists and human rights activists. He also crushes entrepreneurs like Mr. Simonuk, who are Belarus's only hope for escaping poverty. Thousands of Belarusians have run afoul of a web of arbitrary, obscure and sometimes retroactive decrees and laws regulating taxes, exchange rates and other aspects of business. Many are in jail.

Mr. Lukashenko has kept 85 percent of industry and 90 percent of agriculture in state-owned hands, which has allowed him to reward loyalists and direct much of the profits to an off-budget fund that he controls himself.

The network of laws on business also provides him with a handy club against critics or independent thinkers, especially those who have money. Several dozen well-known independent politicians are now charged with business-related crimes. Vasily Staravoi, a leading critic of government-controlled agriculture, is on trial for alleged embezzlement of state property. Some of the other victims of these laws were members of Belarus's freely elected Parliament, which Mr. Lukashenko disbanded in 1996.

Foreign investment and business development have declined steadily under Mr. Lukashenko, and a recent crackdown on small business has been especially harsh. His philosophy is a puzzling one for a country whose economy has essentially collapsed. But what matters to him is not prosperity but absolute control.

—THE NEW YORK TIMES.

Middle Age Is Fine

The big news from the social sciences is that Americans are really enjoying middle age. After a 10-year study, the MacArthur Foundation Research Network on Successful Midlife Development reported this month that the middle-aged are mostly happy, that women are happy about undergoing menopause and that most middle-aged people are extremely content with their children, marriages and overall lives.

This will come as no surprise to the oldest and youngest generations of Americans, who have watched the self-absorbed baby boomers insist on getting the best of everything since the 1960s. The same people who had the Beatles for their rock band and John Kennedy for their philandering president began turning 50 just when medical science invented Viagra.

The news that most of the middle-aged women surveyed experienced "only relief" when they went through menopause suggests a phenomenon that has followed the boomers throughout their lives: lengthy and well-publicized concerns about the next stage, followed by euphoric relief when everything turns out to be fine after all.

The biggest challenge in talking about middle-aged Americans these days is figuring out where middle life is. The old, orderly progression—in which school is followed by adulthood at around 21, middle age arrives as the children graduate to junior high, and senior citizenship kicks in somewhere around 60—has all been scrambled.

The people who came of age in the 1960s and '70s also had the foresight to spend their early years wearing clothes and hair that were destined to look silly after the fact, guaranteeing that few would spend their silver years yearning to recapture their lost, Woodstockian prime.

The MacArthur researchers said that the oldest respondents in their surveys showed less optimism and satisfaction than the others, and warned that what is ahead may be less rewarding than what has come so far. That may be because old age has not yet visited itself upon the boomers. Forty years from now we may be hearing that Americans are feeling particularly content at 85.

—THE NEW YORK TIMES.

Other Comment

Kurds, Turks and Europe

The capture of Abdullah Ocalan by Turkish security forces has once again drawn the world's attention to the Kurdish problem.

Amid all the commotion over his arrest, two fundamental questions have emerged: that of the importance that the Western powers really attach to the Kurdish question, despite their frequent lecturing of Ankara on its human rights record, and that of Turkey's overall relationship with a West, and especially a European Union, that is ostensibly committed to defending legality and human rights.

Mr. Ocalan's personal fate seems sealed, and the fate of the Kurdish Workers Party (PKK) is now highly uncertain. But the Kurdish problem is as far from a solution as it has ever been, and the question of Turkey's place in Europe also remains unanswered.

—Neue Zürcher Zeitung (Zurich).

Punishing India Doesn't Look Like Smart Policy

By Jim Hoagland

WASHINGTON — The Clinton administration has discovered no carrot, no stick, no argument persuasive enough to pry India and Pakistan loose from the declared nuclear power status they seized last May. After nine months of venting outrage and alarm, America and its allies are settling into a quiet, conditional accommodation of Asia's new nuclear realities.

They do so reluctantly, and outwardly determined to punish India for the damage it does to the orthodoxy of global nonproliferation and for provoking Pakistan into copycat nuclear testing.

The United States and India are engaged in a bruising test of will over the meaning of power in world politics today. India's chauvinistic Bharatiya Janata Party government is determined to reap political influence domestically, regionally and at the United Nations from its new status as a declared nuclear power. The United States is determined to prevent that from happening.

In its private messages to Washington and other capitals, India has clearly stated an absolute determination to move from testing to developing and maintaining "a minimal deterrent"—that is, a small number of warheads and nuclear-capable missiles. It maintains that these weapons would be trained not on Pakistan but on China's "strategic partner," China.

"We do not seek parity in nuclear weapons with any country, and we do

not seek an arms race in our region," Brajesh Mishra, Prime Minister Atal Bihari Vajpayee's national security adviser, told European and American defense officials at the Munich Security Conference this month.

European diplomats report that India has put strong emphasis in private as well on the limited military nature of its nuclear strategy. But Mr. Mishra hinted at his country's much broader political ambition by predicting to the Munich audience that "in the 21st century a new security order is likely to arise in the Asia-Pacific region," in which India should be granted as much respect and deference by the United States and others as China today.

India's stress on minimal deterrence has made it easier for Washington to come to terms conceptually with the military implications of the Indian testing. This new mood of accommodation in Western capitals on military essentials is signaled, although not acknowledged, in a forthcoming magazine article by the administration's point man on this crisis, Deputy Secretary of State Strobe Talbott. He writes in the March-April issue of Foreign Affairs:

"Having India and Pakistan stabilize their nuclear competition at the lowest possible level is both the starting point and the near-term objective of the U.S. diplomatic effort.... The Clinton administration does not expect

either country to alter or constrain its defense programs simply because we have asked it to."

Mr. Talbott is concentrating on winning agreement from New Delhi and Islamabad to halt testing, to stop producing fissionable material and to refrain from deploying nuclear-capable missiles. "Strategic restraint" will be rewarded with a further relaxing of U.S. economic sanctions, and other concessions including a long-delayed visit from President Bill Clinton, the article indirectly suggests.

The tone of Mr. Talbott's article is much sharper in rejecting suggestions by "some Indians... that their country's new, self-declared status as a nuclear power enhances its claim to permanent membership on the UN Security Council." He adds, "The United States disagrees." He then lays out the argument that India must not be rewarded politically in any way for its open defiance last May of the Nuclear Nonproliferation Treaty of 1968.

New Delhi has already indicated privately that it is willing to formally renounce nuclear testing and to halt the production of fissionable material. But India wants to be satisfied that the West will then recognize, at least implicitly, its right to a minimal deterrent.

Mr. Mishra and others say India wants an end to the nonproliferation treaty's hypocrisy of granting a seal of approval to America, Russia, China,

Britain and France for developing nuclear weapons before 1968, and denying legitimacy to anyone whose testing came after the treaty was signed.

But the Indian testing is not the only development in this decade that undermines the dysfunctional morality on which the treaty is based. The treaty's ineffective inspection system, and toothless enforcement were exposed by the discovery of Iraq's advanced nuclear program. Nor has the treaty deterred Iran, Libya and others from energetically seeking a bomb, or Israel from building a powerful nuclear arsenal that it has not acknowledged.

The growing realization among most other nations that nuclear weapons are too expensive and dangerous for them to maintain has become the true cutting edge of nonproliferation. South Africa, Brazil, Argentina, Ukraine, Belarus and Kazakhstan have dismantled arsenals or development programs in this decade for reasons of national interest, not because of treaty provisions.

The treaty's own limitations have done as much damage to its noble aims as have India's tests. A crusade to punish India politically for being the messenger of a new and uncertain nuclear era that challenges the established nuclear order may be temporarily satisfying, but it is likely to be as untenable as were the initial U.S. outrage and dictates of last May.

The Washington Post.

Kashmir and Korea: Intractable Conflicts in a Nuclear Shadow

By Ramesh Thakur and Ralph Cossa

TOKYO — The Korean Peninsula and Kashmir are among the world's potential nuclear flashpoints.

North Korea cannot make war, for it knows it would lose. It cannot make peace, for then, too, it would lose. So it is compelled to maintain tension short of provoking a full-fledged war. The same equation of neither war nor peace applies to Pakistan and India.

North Korea could certainly inflict heavy damage on Seoul, given the city's proximity, but its ability to sustain protracted combat is highly suspect. Meanwhile, South Korea remains a close security ally of the United States. A fully integrated U.S.-South Korean military command structure ensures a prompt, unified response to any aggressive North Korean military move.

Pakistan cannot match India's military might. This is why it seeks and

India resists international mediation. India's military forces, defense expenditure, economy and population are two, four, six and seven times bigger, respectively, than Pakistan's.

Moreover, Pakistan's arms production base is very narrow, and mostly within range of Indian combat aircraft and missiles. And Pakistan is ill-placed to fight a war of attrition with India.

Pakistan exploits anti-India sentiment in Kashmir. It is the conduit for arms, money and training for Kashmiri insurgents. It insists that there can be no improvement of relations with India unless the Kashmir dispute is resolved.

The so-called "sunshine policy" of South Korean president Kim Dae Jung replaces the carrot-and-stick approach of previous South Korean administra-

tions with mostly carrots. The North sees the carrots as poison, however. An opening up to the South is the last thing North Korea's leaders can afford.

Without a clear and present enemy, how can they justify keeping their malnourished country closed to the realities of the outside world? They must engage in periodic bouts of provocation to justify the hardships that failed policies have inflicted upon the people.

Kashmir as the battleground of the India-Pakistan cold war represents a clear and present danger that allows an unusually large role for the military and intelligence services in Pakistan's affairs of state. Reports have emerged that Osama bin Laden has targeted Kashmir for special attention this year.

And so the conflicts go on.

Pakistan lacks the power to wrest Kashmir from Indian control, but its active support enables the insurgency to continue indefinitely. India lacks the healing touch to solve the Kashmir conflict, but can withstand a low-intensity insurgency almost indefinitely.

Washington and Seoul lack the ability or will to force Korean reunification on their terms, but can withstand Pyongyang's provocation indefinitely.

However, with nuclear arms, the stakes involved become higher, posing potential threats not just to the regions involved but to international security.

Mr. Thakur is vice rector of the United Nations University in Tokyo. Mr. Cossa is executive director of the Pacific Forum think tank in Honolulu. They contributed this personal comment to the International Herald Tribune.

Turks and Kurds: Here Comes a Turbulent New Mideast

By Robert D. Kaplan

STOCKBRIDGE, Mass. — Turkey's capture of the Kurdish terrorist Abdullah Ocalan and the violent demonstrations it sparked in Europe left the curtain on the 21st-century Middle East.

The 20th century was dominated by the Arab-Israeli conflict. The early 21st may be dominated by tumultuous change in Turkey, Syria and Iraq, with the stateless Kurds playing the pivotal role.

Kurdish nationalism could become the kind of issue, like Palestinian nationalism, that forces people to choose sides. And the Kurds are connected to another determining issue: the availability of water.

In 1984, because Syria be-

lieved that Turkey was seeking to deprive it of Euphrates River water, President Hafez Assad gave Mr. Ocalan a rare base for his anti-Turkish insurgency.

For 14 years, Mr. Assad used the Kurdish leader's terrorism as a lever against Turkey in the way he used Hezbollah terrorism as a lever against Israel.

Then, last October, Turkey, now united in a strategic alliance with Israel, demanded that Mr. Assad expel Mr. Ocalan, or, as a Turkish general put it, Turkey's army would "drive through one end of Syria and out through the other."

Mr. Assad caved in. He expelled Mr. Ocalan. So the Syr-

ians have no way to pressure Turkey for more water. And with the Atatürk dam network nearing completion in southeastern Turkey, Turkish generals will control the lifeblood of the Fertile Crescent.

Therefore, Act I of the New Middle East ends with a Turkish-Israeli victory over Syria. Act II, however, could be more complex, bloody and unpredictable. This is because Turkey and Syria are each unstable.

The 25 million Kurds, spread over Turkey, Syria, Iraq, Iran and Armenia, are the world's most numerous stateless people. Half live in Turkey, where Kurdish nationalism is en-

gined as never before because of Mr. Ocalan's capture and coming trial. If it leads to terrorism, that might well provoke a severe reaction by Turkey's military, further weakening the civilian Parliament.

Moreover, the most dynamic political movement in Turkey now is an Islamic party whose appeal to Muslims, rather than specifically to ethnic Turks, makes it popular among Kurds. So Kurdish nationalism and Muslim fundamentalism are fusing together in Turkey in an anti-military alliance.

In Syria, the regime looks increasingly like the Brezhnev regime in the Soviet Union: entrenched but calcifying. After three decades in power, Mr. Assad has failed to develop any unifying civil institutions.

His rule is narrowly based on one ethnic minority, his own Alawites, who govern by fear. (Syria is a patchwork of Alawites, Druse, Sunni Muslims, Kurds, each specific to a region, as in the former Yugoslavia.)

As states become weaker, the stateless Kurds become comparatively more important. This is especially true of Iraq. Saddam Hussein's demise could break Iraq into Kurdish and Arab parts, tempting Turkey's military into an occupation of oil-rich Iraqi Kurdistan.

Turkey also controls the headwaters of the Tigris River, which gives it virtual life-and-death control over Iraq. "We can stop the flow of water into Syria and Iraq for up to eight months without overflowing our dams, in order to regulate the Arabs' political behavior,"

a Turkish dam official told me some years ago.

But the generals can control this water only so long as they control the Kurds, who demographically dominate the region of southeastern Turkey where the dams are located.

Thus a real battle has commenced, and it is drawn along historical-civilizational lines. On one side are the Kurds, their fellow Azeri Turks in Azerbaijan, the Israelis and the Jordanians (whose ruling Hashemites have had a long relationship with the Ottoman Turkish sultans and their successors). On the other side are those who suffered the most historically from Turkish rule: the Syrian and Iraqi Arabs, the Armenians, the Greeks and the Kurds.

Just as the United States quietly backs the pro-Turkish alliance, Russia, as in the 19th century, backs the anti-Turkish one. As with the Balkan crisis, in which Russia and Greece tend to sympathize with the Orthodox Christian Serbs, while Turkey is fiercely hostile, historical and religious ties are proving far more potent than the artificial linkages of the Cold War.

The new alliances effectively end Israel's isolation, which defined Mideast politics for 50 years. But will Turkey remain strong? Will Syria unravel? The new Middle East could be far less stable than even the one we have been used to.

The writer, a correspondent for The Atlantic Monthly and author of "The Ends of the Earth," contributed this comment to The New York Times.

Beijing Scared of 'Internal Unrest'

By William Safire

WASHINGTON — Senior Minister Lee Kuan Yew, a friend and sometime adviser to China's leaders, told reporters in Europe recently that he saw "a tinderbox quality" in the dissatisfaction rampant in China's coastal cities.

"Income disparities" have caused a large part of the population to feel dispossessed, he noted, in "a society which for 40 years had it drummed into their heads that disparities are wicked and evil."

"Although Bill Safire thinks it's all right to be rich," Mr. Lee told us, "a lot of people who are not rich think it's not all right, and so this makes for social pressures.... Just across the border from Hong Kong is a Wild West town, and not for want of trying to police it."

Say what you like about Mr. Lee, he knows what goes on inside China. In a follow-up interview, I asked why Beijing's leaders were so fearful of a relative handful of dissidents.

"They look at Tiananmen," he said, referring to the 1989 massacre. "That was a relative handful of students, and people like Fang Lizhi, a harmless asphyxiated, behind them. But it snowballed. They know they're vulnerable."

"The biggest single fear they have is the corrosive effect of graft and the revolution that it evokes in people. They're never quite sure when it will blow up."

He was careful to add: "It's not that they're all corrupt. I mean, you take Jiang Zemin or

Zhu Rongji — in the center, they are quite clean."

Singapore businessmen tell Mr. Lee that many bureaucrats "really don't notice how much resentment there is. I mean, even over whole areas, it's just illegal levies, not on the books. Just 'squeeze the farmers.' He's the boss, the Party secretary."

China has a history of brutal force in dealing with criminality. "Take the way they shoot their criminals. It's a public demonstration. They bring them in, beat, pushed, humiliated. You kneel down, I shoot you in the back, one bullet. And they make the family pay for that bullet. It's a public demonstration... to terrorize others into not doing the same thing."

Rule by fear? "No. Because they haven't gotten a police system that can maintain a different kind of regime."

Isn't that wrong? "Who are we to decide whether it's right or wrong? Can we change them?"

Why not? "Ha! You try." Setting aside punishment of criminals, what about the total repression of political freedom — can that be changed?

"It has to be a gradual process. You have an idea how the country should be," said Mr. Lee. "And you say, 'Well, let's change them' because you've got the [trade] levers."

So — you say "change." He shook his head. "I don't think they can change their

ways. And if they did, they would run very serious risks of internal unrest that may about the whole process."

Mr. Lee and I disagree about how to deal with "internal unrest" — what dissidents call "the spirit of human freedom." He sees multiparty democracy as the threat to stability. I see it as the solution to China's stumbling growth and growing instability.

Perhaps because America is keeping the less free world economically afloat, Mr. Lee now denies the existence of a "Singapore model" and claims he never called the West "decadent."

Because he cloaks as "Confucian communitarian" his anti-individualism, I posed a philosophical question: Do people have an inherent right to rebel against despotism?

"That's one of the Confucian concepts," he replied. "That's what the Chinese leaders fear most. Revolution in China is called qiyi — the qi, 'to arise,' and the yi for the ferociousness. So when an emperor is despotic, corrupt, evil, it is a righteous cause to rebel. This is part of the Chinese folk culture."

That is what is worrying the regime today? "Oh, yes. Absolutely."

As times toughen, China's political rigidity invites upheaval. When Prime Minister Zhu arrives in Washington in April, Bill Clinton should link the U.S. trade lifeline to relaxation of repression. Political crackdowns are no answer to economic slowdown.

The New York Times.

For text of the Lee interview, go to www.nytimes.com/international

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OPINION/LETTERS

A New Start for NATO, or the Beginning of the End?

By William Pfaff

PARIS — In late April, NATO will celebrate its 50th anniversary with a Washington conference, admission of new members during ceremonies at the Pentagon, and a speech by Winston Churchill. The anniversary is a strategic concept for the alliance's second half-century. The "concept" will provide Washington and Brussels with an answer to the question of NATO's purpose in the aftermath of the Cold War.

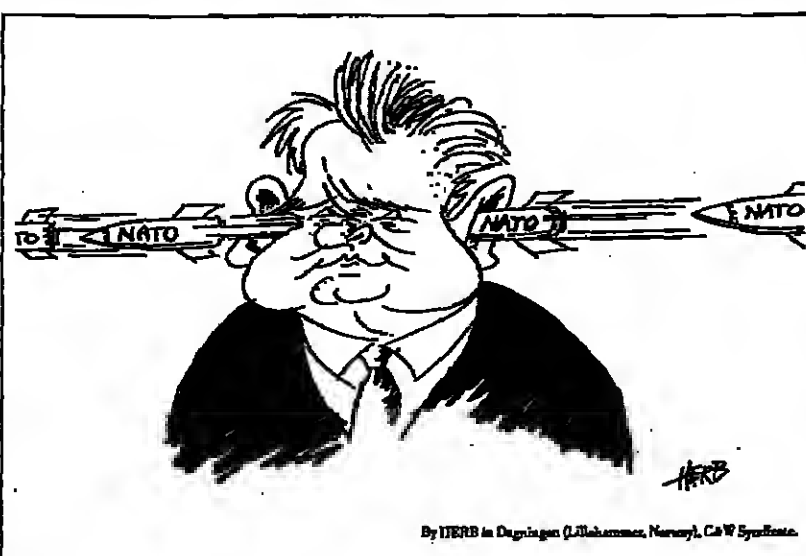
Washington will also mark the anniversary with a celebration of the Clinton administration's foreign policy, which records few successes other than expansion of the North Atlantic Treaty Organization. The Clinton administration will also provide an international launching for Vice President Al Gore's presidential campaign.

In all respects, April event now looks like a mistletoe.

NATO today inextricably embroiled with Serbia and Kosovo, whose problems are not likely to be solved in the next two weeks.

The president, Slobodan Milosevic, born or not by NATO, may still dominate the scene. Kosovo may be occupied by NATO troops, but it is unlikely to be popular with American voters or other NATO members.

How is the political culture of this nation, possessor of thousands of nuclear weapons, facing this rising tide of chaos? In December the lower house of the Russian legislature voted,



By IHRB in Copenhagen (Illustration, Norway, C.W. Spangberg)

answers, about the alliance's future.

The practical prospect before the alliance in April may be to make a success of its own mission of occupying and governing difficult Balkan countries, which is not the role U.S. leaders had in mind for 21st-century NATO.

Preparatory drafts of the 50th anniversary "new strategic concept" would have made NATO Washington's adjunct in pursuing its Near Eastern and Middle Eastern policies, fighting out clear proliferation and the drug trade, and hunting down terrorists thought to possess weapons of mass destruction.

None of the allies have shown much enthusiasm for replacing NATO's old territorial security mission with these exotic and ill-defined international missions of supposed "common interest."

The alliance does territorial security very well. The Polish Parliament last week authorized the Polish government to join NATO, an act that effectively will transfer Poland from Central to Western Europe, something that the Poles have wanted for a thousand years. But business is slow in territorial security since the Soviet threat has been withdrawn.

NATO has also done well in struc-

Poised for Futile Bombing as Other Risks Mount

RUSIA's gross domestic product as published (there also is a vast underground economy) is imploding; it is now at 20 percent of Denmark's. The economy is in a state of collapse. The inflation rate may reach 10 percent if the government prints money to pay overdue wages. For a year, teachers have not been paid their \$20 month.

The population of the world's sixth most populous nation is shrinking by 800,000 a year. Public health indexes, from epidemic diseases to declining life expectancy, are approaching those in sub-Saharan Africa.

How is the political culture of this nation, possessor of thousands of nuclear weapons, facing this rising tide of chaos? In December the lower house of the Russian legislature voted,

237 to 69, to restore the statue of Felix Dzerzhinsky, founder of the Soviet secret police (think of him as Lenin's Himmeler), to the place from which it was removed in August 1991. Perhaps the expanding NATO has something to look at warily from its new ramparts to the east.

In April in Washington, NATO's 50th birthday will be commemorated with festivities. Or perhaps with a wake. NATO has been a huge success. The Cold War ended without war between the principal adversaries. But now Kosovo — actually, the Serbian leader Slobodan Milosevic — threatens to make NATO seem superannuated.

If Mr. Milosevic refuses to allow NATO troops in Kosovo, and NATO responds with bombing that is impres-

sive both in its precision and in its fatality, the question will be: Against what sort of threat is NATO's collective self-defense now pertinent?

Meanwhile, Bill Clinton's nine-day grovel through China last year has emboldened Beijing, which is deploying missiles to intimidate 21 million Taiwanese. A U.S. policy, that of avoiding a choice between a multiparty democracy and those who would extinguish it, may be collapsing.

Ominous developments proliferate, yet Republicans, befuddled by President Bill Clinton's kleptomania concerning their domestic issues, wonder what they should talk about. It makes you wonder about Republicans.

— George F. Will, commenting in The Washington Post.

LETTERS TO THE EDITOR

The Oil-for-Food Program

Regarding "Iraq: Saddam Lords It Over Oil Prices" (Opinion, Feb. 11) by George Yates:

The writer painted a seriously faulty image of the oil-for-food program aimed at helping Iraq's people cope with the comprehensive sanctions imposed on their country nearly nine years ago.

It is simply false to assert that "most supplies lie in warehouses, undistributed." To date, some \$5.5 billion has been allocated for food, medicine and other essential supplies, with around \$3.7 billion of this spent on food. The stocks of foodstuffs in warehouses range from three to six weeks — a prudent minimum. The rest has been distributed in a system that gives every person living in Iraq access to a basic ration.

There are problems with the distribution of pharmaceuticals and medical supplies, and the United Nations is urging the Iraqi government to buy medicines and take other measures to reduce the unacceptably high levels of deaths in medical warehouses.

After the war with Iran and the Gulf war and nine years of sanctions, Iraq's oil facilities are in a lamentable state, posing for environmental and health hazards. Iraq's inability to pump the quantity of oil needed to fund the humanitarian program, the Security Council authorized Iraq to import up to \$600 million in spare parts and equipment for oil industry. Much of this equipment is readily available and will take time to manufacture and deliver.

To date, less than \$15 million worth arrived, and so far it has had no impact on production of oil for export. Our hope that spare parts and equipment will arrive in time to maintain Iraq's ability to export oil current, or modestly increased, levels.

It is unreasonable to blame Iraq for the global oversupply of oil and depressed prices. Iraq has the world's second largest oil reserves and an economy dependent on producing oil for export. Traditionally it has exported between 2.5 million and 3.5 million barrels of oil per day, compared with current exports of about 2 million barrels per day. These are tough times for all oil exporters, but there is widespread recognition that Iraq's people have an urgent need for the modest revenues from the sale of oil.

JOHN MILLS, New York.

Post-Impeachment Politics

Paul Weyrich's announcement that "politics itself has failed" ("Some on Right Lose Hope," Feb. 19) reveals what many have long suspected about the extreme right: that beneath their professed respect for Western culture and American institutions lies a fundamental disdain for democracy and a bitter loathing of all those who don't fit their narrow definition of the "good citizen."

It is tempting to view Mr. Weyrich's remarks with relief, but his is not the rhetoric of retreat; rather, it is the first step that all extremists take in the transition from political dialogue to other means of action.

We ought not to ignore him, but to denounce him for leading support and justification to the growing number of Americans who use violence and intimidation to enforce their views.

JESS ROW, Hong Kong.

Regarding the Feb. 15 editorial subtitled "No Gloating, Please"

The opinion is advanced that American citizens have succumbed to a compromised standard regarding "fitness to govern." And the possibility that the president and his staff might understandably feel vindicated by the Senate vote is regarded as highly inappropriate. Only images of enervation are allowable, now that the coup d'état has failed.

On other pages of this same issue, the possibility that there might be acts of presidential vengeance against Bill Clinton's persecutors is contemplated with indignation and moral dismay.

Even in this region of unblinking Republican loyalty, people know that their party traded serving the public interest for a chance at a quick massacre. And now the unremorseful thugs want to continue to castigate the survivors — even over the least signs of jubilation.

This shows a contempt for the American people and their democracy that goes beyond anything that has ever been wrought by a foreign enemy. The survivors will not only gloat, they will remember.

ARTHUR APISOMIAN, Wadena, Minnesota.

What Will Come Next?

What an upside down world we live in. Genetically modified soy is considered to be a threat to human health and the future of humanity, while the harvesting of human embryos to obtain embryonic stem cells is considered medical research and up for funding by the U.S. government via the National Institute of Health. What will we think of next?

PETER M. CALABRESE, Rome.

Now Her Kitchen Is Closed, And She Rejects the Spoon

By Dudley Cleindinen

NEW YORK — In the mornings, for breakfast or brunch, there was hot baked grapefruit with brown sugar, cheese grits, crusty egg casserole with parsley on top, country bacon salty and thick, and biscuits — tiny warm clouds of air and flour, made for melting butter on.

At lunch there were chilled salads of plump avocado and grapefruit sections, broiled tomatoes with parmesan cheese, tender asparagus spears, yellow squash casserole, cool fresh shrimp with hot sauce and lime, and

Tampa Bay, trucking back and forth for cocktails and dinner at their dining rooms, restaurants and clubs.

None of them cook anymore. Mostly they feel as Mother did: They want to live well or die. It is the in-between they dread. That is why it grieves them to see her oom, and mostly, they have stopped going.

"How's your mother?" they ask. Or sometimes, "Can't you do something?" But for months, after her return from the hospital last spring — out to her apartment but to the nursing section of her building, Canterbury Tower — she ate everything put before her: pureed turkey, chicken or pork — who knew? It was pasty and off-white. Pureed peas or green beans — who knew? It was green. No cold-lard green soup with chunky bits of chorizo. No strawberry shortcake, the cake warm from the oven, the berries fresh from nearby fields, the whipped cream stuff from the kitchen bowl. Just mushy, chunk-free, malodorous stuff, a stroke victim's meals.

Her living will provided, if she should ever be brain-damaged, unable to recover, that food and drink could be withheld. But the instructions in living wills do not always match the moment once it comes. The cerebral bleeds and clots seemed to have changed her mind, and three times a day, as Chris or Yvonne, Eric or Tammy brought the meals, Mother smiled warmly up at them and ate. They fed her. The rest of us were left to guess at what she thought, or knew.

Then on Thanksgiving Day, she looked at my sister and refused the spoon. It has been progressive. Her consumption is down now to something between 5 percent and 35 percent of any meal. She has lost 15 pounds. Her blood pressure is falling. Her expression is grave, hard to read, but she seems more distant. "Do you want to eat?" I asked. She shook her head.

Canterbury is caring, well run. State and federal agencies monitor the charts of every patient, and the dietitian has proposed tempting her with liquid supplements, tiny, tasty cups of proteins and vitamins.

We are inclined to say "oo." Food has always been Mother's choice, her measure of life, and of control. Her kitchen is closed, and it may be that her desire for life has finally run out. Only she knows, and eating or not is now all that she can do.

The New York Times.

BOOKS

INCUBUS

By Ann Arenberg. 322 pages. \$24. Knopf.

Reviewed by Carolyn See

GENRE literature for smart people — that's what "Incubus" is. This novel has all the elegance, fine characterization, careful pacing, meticulous editing of any "straight" volume. The most finicky reader will find himself drawn in by the cool narrative style here, the understated learning on every page. And yet "Incubus" is a gory, Gothic sex thriller about the multiple rape of a group of women in a rural town in Maine, women violated by a pack of malicious ghouls from an "underworld" that could be anywhere — beneath us in hell, within our own feverish minds, or out there, somewhere in inhuman space.

This story is told by Cora Whitman, wife of Henry Lieber, Episcopal minister in the town of Dry Falls.

Cora's husband has had but one mystical experience, and that was in a foxhole during World War II. On the strength of that one experience, he has devoted his life to God in ways that can't help but seem more and more prosaic. Devotion to the Divine turns out to be little more

than a dreary round of parish work, and to distract himself Henry has joined a village group that passes the time dabbling in psychic experiments. Sometimes they pan out; sometimes they don't.

Cora notices this but doesn't give much credence to her husband's spiritual longings. She's of Huguenot stock and feels in her bones that religious life can't be expected to yield very much in the way of metaphysical fireworks or celestial joy. "N'espere rien" — hope for nothing — is the motto inscribed upon the head of her grandparents' bed, and she has learned to scale her world down to things she can see, feel, enjoy on an earthly plane.

This insistence on living on the plane of the everyday comes from more than Cora's skepticism about the existence of God. In the human world, her father was cold and remote; her mother, whom Cora still idolizes, seems more preoccupied with her other daughter, a mentally unstable, mean-spirited would-be fine artist. The kitchen, the garden, would seem to be refuges that — by their very nature — can't let Cora down.

Then, in the spring of 1974, the rain stops, a heat wave begins, and the men of Dry Falls unaccountably stop having sex with their wives. Two girls at the board-

ing school in town encounter something amorphous but undoubtedly male in a graveyard at midnight. A large black dog materializes beside a nude sunbather and dematerializes again. The women in town, rendered haggard and unattractive by their husbands' neglect, become more haggard still. They have become the unwilling victims of loog, elaborate nightmares in which someone or something lies on them and weighs them down for hours and hours.

Cora's husband, craving any contact with the supernatural, develops what may be an inappropriate interest in these possible spirit visitations.

Through all of this, the activities of home grind on, humble sacraments of earthly love. Across the yard at the church, the festivals come and go with their attendant rituals. How much real faith is behind any of it? Can rituals save us, anchor us, even through our bouts of doubt, our own spiritual dryness? As all the genre-goblins lift the skirts of innocent girls and respectable women, these are the questions behind the story, questions for smart people that Ann Arenberg has posed.

Carolyn See reviews regularly for The Washington Post.

CHESS

By Robert Byrne

ONE device for rescuing a bad game is to bring about bishops of opposite color. Because the bishop moves only diagonally, it is confined to the same color square it stood on in the initial formation. If the opponent is left with a bishop of the other color, the bishops cannot carry out a direct conflict.

But in middle game situations where one bishop's value is reduced by interference from the pawn formations and the enemy bishop is free to roam the board and attack at will, bishops of opposite color can harm the defender.

An interesting case of this is found in the game between the grandmasters Mi-

chael Adams of England and Peter Svidler of Russia in the fourth round of the Fontys Tournament in Tilburg, the Netherlands.

The 6 Be3 attack against the Najdorf Variation of the Sicilian Defense came to prominence in an R. Byrne-Y. Balashov encounter in Moscow 1971. White's plan, seen after 8 f3, is to hold the center steady and attack on one flank or the other.

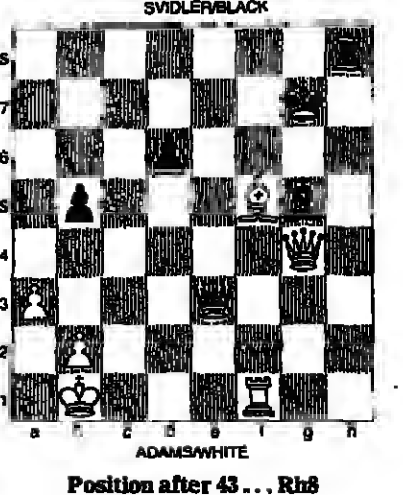
After 7 Nb3, a Pikula-Nemet game, Stadschac Open 1998, went 7...Be7 8 f3 Be6 9 Qd2 Nbd7 10 O-O-O b5! 11 Kb1 b5 12 Qf2 Rb8 13 g3 Rc3! 14 bc Qc7 and Black won with a tremendous mating attack. By playing the move order with 8 f3 and 9 g4, Adams made that kind of counter impossible.

After the transaction with 12 Nd5 Nd5 13 ed Bd7, Adams bowed in on the c6 square with 14 Na5.

After 17 c4, Svidler could have tried the enterprising 17...f5!, when 18 g4 Rf6 19 cb ab 20 Ne6 Rb6! 21 de Bc6 yields Black bishop-plus-pawn for a rook in an unclear position.

Adams could have won a pawn, after 21...ab, by 22 Ne7 Re7 23 Qd4, but 23...Qe3! 24 Qe3 Re3 would yield Black powerful piece play. Instead, he played 22 Qf4, allowing Svidler to recoup the pawn with 22...Bc6 23 de Rc6. His plan was to exploit his active bishop, while the black one was battered and, under these circumstances, be maintained control of the situation.

Because the black bishop could not control the light squares, Adams bored in with 32 f5! One basic point was that 32...Qe5? would be hammered by 33 Qf5 g4 34 Bb5!, winning rook for bishop.



Position after 43...Rh8

CROSSWORD

ACROSS

1 It's catching
2 Tenor-soprano
3 combos, e.g.
4 "Look out..."
5 Down of "20/20"
6 Sleepers' breathing problem
7 Figures in tables
8 P-1 insignia
9 1964 Beatles hit
10 Pressed for cash
11 Black-and-white item
12 Northwest
13 Rembrandt works

DOWN

1 Sic
2 Reddish-brown
3 Food widener
4 How baby-buses properties affect the body
5 Spoiled horse
6 Discomfit
7 Author Bagnold
8 Address book
9 — Paulo
10 "Bathhouse Potomac" locale
11 Males bales on the farm
12 Western Indian
13 High, in the Alps
14 Heronism

ACROSS

23 Royal home
24 Mosquito pest
25 Fancy tie
26 Appraiser
27 Dine
28 Injury's aftermath
29 Paint base
30 El — Tex.
31 "2001" computer
32 Partner of onions
33 Ex-Gov. Cuomo
34 Adam
35 Daglish's creation
36 One very funny joke

DOWN

25 empty stomach
26 Microscopic
27 Mrs. Gorbach
28 Bus passenger's request
29 Rating for the raque
30 Yarn
31 Speechless
32 Target
33 Highland dialect
34 Simon —
35 Divisions of municipal govt.
36 Repeat

ACROSS

21 Bombard
22 Steak swimmer
23 Wild goat
24 Payment option
25 Songwriters' org.
26 Head to just short of boiling
27 Crows
28 Bygone dictators
29 "Wake Up Little" (1957 hit)
30 Poe visitor
31 D
32 Andes capital
33 Auditorium feature
34 Hawaiian Isle
35 "Death in Venice" author
36 Thomas
37 Kids
38 3Com Park team
39 Pick up the tab
40 Tach readings
41 Spanish water
42 — city
43 Day worker, maybe
44 Hostess Maxwell
45 Lively dance
46 "Far out"
47 Dead heat



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FOR INVESTMENT INFORMATION
Read THE MONEY REPORT every Saturday in the IHT.

Solution to Puzzle of Feb. 22

AURA OPPIAH SHAD
CROC MAINE TILE
HITTREROAD AGEE
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ADES BEGET
RABBIT MARINATE
ADULT SETON IRS
THE THERM LIT
PEN ORALS SLICE
SURLINE STATES
UNION SPOW
GION SHOE ASU
ROBE KARETRACKS
SWER ALBERT BRIE
WARY NEEDY SEND

London's Softer Touch

By Suzy Menkes
International Herald Tribune

LONDON — Designers are fleeing the coop. Cool Britannia is cooling off. Costume drama is out of fashion. British style is ripe for rebranding.

And all eyes were fixed Monday on one of Britain's most venerable brands. For the first time, Burberry put a show on the runway during London Fashion Week, which follows the New York fall season.

The Prorsum line (don't even ask, it's Latin) is designed as a capsule collection to project Burberry from the British shires circa 1955 into the next century. But the show may turn out to be all Greek to the label's loyal following, which cannot get enough of the signature beige check.

Although the pieces were sporty, modern in proportion and ultramodern in their fabrics, in their desire to dislodge the stodge, the company's president, Rose Marie Bravo, and its Italian-born designer, Roberto Menichetti, seemed to have gone for the burn.

Off with those weighty trench coats and their check liners! In with sleek low-fat raincoats in what looked like microfibre (there were no program notes). With belts tied at the back, they made a stylish opening to the show.

But when a tailored coat finally came out in a fuzzy, faded version of the check, it looked so cool and so right that you had to ask why it had taken 18 minutes to appear and was gone in a flash. The rest of the show was played out in shades of cream and beige, with high notes of asparagus green and peacock blue and dove gray for a covetable shearing coat.

Tailored pantsuits in shadow stripes and tweedy jackets were meaty without being weighty; flat pants were contemporary in cut, cream canvas coats had the international dash that Burberry is looking for, even if apropos dresses layered like tissue paper might never make it to the stores.

But what identified all the smart new clothes as Burberry or will stamp the brand on the consciousness of a new generation? To be hip, the clothes should look either iconic — or ironic. The challenge now, after the great clean-up, is to keep modernity in check.

There is a new cool take on British fashion — and it is a woman thing. Bad-boy designers may have given London fashion its wacky reputation, but the female designers who dominated the early shows are making a quiet statement by putting a fresh spin on girly things like lace and frills.

The most intriguing was Sonja Nuttall, a feminist designer, who enlarged her repertoire of somber clothes — not least by using black with vivid orange patterns and accessories.

She injected femininity and romance, with open-work lace bisecting an impeccably tailored black coat or with frilly tiered skirt partnering a leather jacket. Color, bold pattern and delicate detail were all in the mix that made the collection strong enough to surmount its icy open-air setting.

Patches of fabric embroidered with basting stitches on Tracy Mulligan's dresses looked like a pastiche of a craft class. Yet what the designer called a "fusion of urban and nature" made a crafty collection of simple but decorative pieces.

Most subtle were the tailored jackets with raised seams, part of a cubist theme that was played out, too, in angular hairdos with circular buns at the back. Mulligan's show was also artistic in its choice of swampy greco colors, lightening to old rose and flesh pink, and in its splatters of Jackson Pollock-style patterns.

Lainey Keogh is known for giving a drop of the Irish to knitwear. Her show of densely stitched cardigan coats, with the textures of tapestries and the colors of peat bog and shamrock, suffered from melodrama. There were marabou trims here, feather head-dresses there, hair with more braids than for a renaissance princess and dresses with gold metallic threads, looking like Lady Godiva's hair curtaining the naked body.

Behind the entrance-makers were magical knitted pieces, at their best when a simple sweater-set in intricate stitches topped a lacy fringed skirt.

That sweater-and-skirt look is a very London thing. You knew that Elspeth Gibson was designing for a coterie of friends who would slip on her simple cream sweater-dress with a silver embroidered hem or pull on a plain top with a velvet skirt, filled at the hemline.

There was a faint Shakespearean feel to velvet dresses with square Tudor necklines and knee boots crisscrossed with laces. But Gibson's pretty clothes should have left the stage before see-through dresses over silver underpants spoiled the show.

Philip Treacy's mad hats belong to the more familiar, flamboyant London school of unbridled creativity. (Read: These things are quite wonderful, but what are they for?)

Treacy had caught the millennium bug, and futuristic effects included shiny metallic helmets like flying saucers and mobiles in fluorescent colors that spun like satellites around the head.

Out came the models, with faces silvered on one side, in mad hatter-top hats patterned with coin dots, disks piled like serving platters, even Frankenstein's Gothic castle on the head. That was greeted by the star model Grace Jones with manic laughter — which spread to the front-row audience, led by Boy George in a crooked chimney-pot hat.



Burberry's shiny zippered jacket and blanket-wrap skirt.



Sonja Nuttall's geometric-patterned tunic and long skirt.



Lainey Keogh's knitted cardigan coat, sweater and fringed skirt.



Grace Jones in Philip Treacy's filament spike hat.



Mulligan's string embroidery on sculpted dress.



Elspeth Gibson's sweater and lace-hemmed skirt.

New York: It's a Wrap

By Suzy Menkes
International Herald Tribune

NEW YORK — A powerful show from Calvin Klein — sculpted, streamlined and sexually charged — rounded off the American fashion season.

The blanket coverage given to felted fabrics had smothered the fall-winter shows and muffled the message for 2000 — not least at Donna Karan, where the designer seemed to go for comfort at all costs.

But Klein was on so smart! Backing off from the pursuit of cool, from utilitarian sportswear and from Japanese influences, the designer made his models look modern, racy and ready for anything you can do in strappy high-heel sandals.

"It's a sculptural thing — and inspirations from the world of the military," said Klein, who opened the show with a linear white coat and closed it with a rustling silk skirt that had been inspired by his swooshing outfit for Gwyneth Paltrow at the Golden Globe awards.

Julia Roberts and the model Christy Turlington were front row, watching the parade of tight jeans-cut pants, short, taut zippered jackets with high armholes and skirts falling sensibly, but sensually, at the knee. Forsaking experiments with color, Klein returned with confidence to a neutral palette of winter white, black, camel, putty and tan.

It is hard for a designer known for pared-down looks to add fashion intrigue yet keep a sense of purity. Yet Klein showed he could cut it, both with his new narrow-shouldered silhouette and with subtle details: raw-cut edges; a black lining seeping through the seams of a camel skirt; and sleeves stitched at the upper arm like a layered T-shirt.

Klein also dared to challenge his own minimalist aesthetic by flirting with decoration, tracing black dresses with sequins that flowed into dangling narrow ribbons, or mixing fuzzy surface textures with shiny lacquered jersey. The result was a fine show that looked fresh, but fitted the designer's image.

The best of Donna Karan's collection — a precise black leather cashmere-lined clutch coat, a chic canvas trench, or suits standing away from the body — just showed how the designer otherwise got lost in convoluted folds of fabric and asymmetric hemlines.

"Blankets of desire," Karan called the double-face coats slung across the body and skirts hanging at drunken angles from the hips above knee-high boots. The look sometimes worked as nonchalant outerwear and was elegant at night in slippery satin, with transparent chopsticks piercing the hair.

But what is all the blanket business? In theory, the wrap, with its ethnic origins, fits with Karan's current spiritual trawl and her sense that women want comfort and protection. But the reality of such cocooning clothes is that they bulk out even a well-toned body.

However, luxurious the soft cashmere, dresses with origami folds looked like early experiments from Japanese designers. And there is a good reason why most folks — minus from "Peanuts" — choose to leave a blanket on the bed when they lie off to work in the morning.

Tommy Hilfiger is on a roll. Make that rock 'o' roll. The designer known for building a business on black American style sent out an upbeat, energetic show that proved there is more than one drawing to his baggy rapper pants. They had been pared down to nylon flight pants or silver-studded jeans.

Mixing sportswear in techno materials with upscale cashmere and leather, Hilfiger had his first male-female runway show at the Roseland dance hall, where the MTV-style audience included Lenny Kravitz, Maxwell and the Metallica guitarist Kirk Hammett, while the ska-punk band Sugar Ray played live on stage.

Hilfiger even went a little punk. Perhaps inspired by the store he will open on Bond Street in London this week, the designer introduced plaid pants and wild python patchworks among the motorcross leather jackets and cashmere hooded sweatshirts. Gone were the gaudy Hilfiger logos, and in came a new signature: zippers at the wrist showing a scarlet lining. The overall effect? The cocky look of Versace, but made over in bold American style.

Randolph Duke is all set to dress wannabe stars for the Oscars. His show oozed laid-back Los Angeles glamour, using athletic separates in opulent fabrics rather than formal gowns. A camel cashmere sweater topping an embroidered tulle dance skirt and a cobweb-fine mohair sweater slopping over a sparkly dress seemed a modern way to dress up — and down — at night.

We have not heard much about the rainbow coalition that was supposed to transform New York. But Vivienne Tam made a good job of tapping into her own Asian culture, applying Chinese warrior inspirations like pagoda, shoulders or plates of mesh armor to simple modern clothes. The signature color was silver, used by the Chinese to ward off evil, according to Tam. It beats blankets as protection for hip, subway-friendly, urban clothes.

The trends from New York? A mix of high tech with the comfort factor. Outerwear in blanket wools and double-face fabrics or canvas with crinkled surface and cashmere linings. Serapes and ponchos made a strong American statement from John Bartlett and Michael Kors. Knee-high, thick-soled boots partnering A-line skirts covering the knee was a key look from Marc Jacobs. Sportswear and work clothes are still omnipresent but the silhouette is less sloppy. The turn-of-the-century sweater rebounds as short and form-fitting. Dresses are slimline, in dry or liquid jersey fabrics or satin for evening. Couture details emphasize delicate embroidered stitch-craft.



Donna Karan's blanket-throw coat and dress with knee-high boots.



Calvin Klein's knee-length military coat with narrow shoulders.



Tommy Hilfiger's nod-to-punk plaid pants and zippered jacket.

Levi Strauss

Olivetti's Take
A Boardroom

Living Ahead

Many See a

By Richard D.

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Herald Tribune BUSINESS/FINANCE

TUESDAY, FEBRUARY 23, 1999

PAGE 11

Levi Strauss to Shut 11 Plants as Sales Shrink

NEW YORK — Levi Strauss & Co. said Monday that it would close 11 of its 22 plants in North America and lay off about 5,900 employees as the jeans maker struggles with slumping sales.

The San Francisco-based company said it would shift production to plants overseas, allowing it to spend more time and money on product design and marketing, two areas where it has been lagging amid a change in consumer tastes.

The layoffs, which come on top of previous

job cuts at the company, will affect 30 percent of the company's work force in the United States and Canada. Ten of the 11 plants being closed are in the United States; the other is in Ontario.

Last September, Levi Strauss said it planned to close four plants in Belgium and France and cut 1,461 jobs, or about 20 percent of its work force in Europe. In November 1997, the company announced an initial round of steep cuts in the United States.

With many teens and young adults seeking styles they consider hipper than traditional Levi's jeans, Levi Strauss sales fell 13 percent

last year, to \$6 billion. It was the second year of disappointing results at the privately held company, which does not release earnings reports on specific business units or brands. Levi Strauss has been under pressure from well-known labels from The Gap and Tommy Hilfiger, plus newer labels and lower-priced jeans from Sears, Roebuck & Co. and Wal-Mart Stores, Inc.

"Levi's is less and less able to compete with everyone else in this business," said Kurt Barnard, a retail consultant and president of Barnard's Retail Trend Report in Upper Montclair, New Jersey.

Levi's

HSBC to Acquire Bank In Seoul for \$1 Billion

By Philip Segal
and Don Kirk
International Herald Tribune

The parent company of Hongkong and Shanghai Banking Corp., one of the world's richest banks and among the most venerable of Asian financial institutions, moved Monday to re-establish a firm foothold in its traditional Asian base while further restructuring and internationalizing its business away from Asia's financial fragility.

HSBC Holdings PLC announced that it would spend nearly \$1 billion to buy control of an ailing state-owned South Korean bank, SeoulBank, while moving to list its shares on the booming stock market of the United States.

If it goes through, the sale of SeoulBank would mark a milestone in the economic restructuring of South Korea, which, like the rest of crisis-hit Asia, is depending on billions of dollars of foreign capital to revive its crippled banks.

The move came even as HSBC announced that its profits for 1998 fell by a larger-than-expected 21 percent. Once simply a regional Asian powerhouse, HSBC is now a London-based global bank. It said Monday that for the first time in 1998 it made more money in Europe than it did in its traditional base, Hong Kong.

Because of the Asian crisis, the bank had to make \$2.8 billion in provisions against loans that it expects will not be repaid, principally in Hong Kong, Malaysia, Thailand, Indonesia, and China — an increase of 160 percent over 1997.

Analysts had on average been calling for a 15 percent drop in profits. "In a number of our major markets, 1998 saw the toughest economic conditions for many years," HSBC's chairman, John Bond, said in the annual report.

The move to buy SeoulBank indicated that HSBC, despite being battered by the Asian financial crisis, is now also seeking to profit from it in the longer term. HSBC is acquiring an initial 70 percent stake in SeoulBank. It will spend what could eventually top \$1 billion if it exercises options to buy as much as 100 percent.

The move will do little to help HSBC's earnings in the next two years, said Raymond Lee, Salomon Smith Barney's head of research for regional financial institutions. But longer term,

Korea is too important a market to ignore. "For HSBC not to have a significant presence there is not acceptable," he said.

HSBC sought Monday to shift the focus from its rocky recent past to a possibly better future. In addition to the South Korean investment, it said it wanted to list its shares on the New York Stock Exchange, and for the first time it reported its full-year earnings in U.S. dollars. The group is moving to diversify globally, writing off loans in some of the Asian economies moving slow to reform, but spending money in the one — South Korea — that investors think is rebounding the fastest.

Nevertheless, investors on Monday withheld their approval of both HSBC's earnings and the Korean deal, because the SeoulBank purchase may still unravel over how much the Korean government will pay HSBC for nonperforming loans it has agreed to take off SeoulBank's books. HSBC shares fell by 1 percent after the Korean deal was announced, and by another 4 percent in London when HSBC's earnings were made public, closing at \$15.74 (\$25.64), down 18 pence.

While acknowledging its massive provisions against bad debts, HSBC was eager to portray itself as a fundamentally profitable, global bank, which even in a bad year was able to increase its dividend by 11 percent. In listing on the New York exchange, there has been speculation in the market that HSBC was getting ready to raise money to buy another U.S. bank, but one executive denied this.

"We don't have any shopping list in the U.S.," said Keith Whitson, group chief executive.

The announcement of the sale comes at a time when South Korea's stock market has more than doubled in the course of a year and its sovereign debt has been returned to investment grade status by the major bond rating agencies. For the South Korean government, the tentative deal was announced with an air of triumph mingled with relief, at the possible completion of a critical part of the country's long road back to economic health.

"This is one of the most important achievements that Korea would like to boast to the rest of the world," said Kim

See HSBC, Page 12

Olivetti's Takeover Bid: A Boardroom Fellini Epic

By John Tagliabue
and Laura M. Holson
New York Times Service

A corporate duel between Italy's two largest telephone companies unfolded over the weekend with all the trappings of a Fellini epic: part drama, part farce, part mystery.

By the accounts of people close to the companies, Olivetti SpA's bid for Telecom Italia SpA began taking shape last autumn when it first approached Italian government officials and financiers about a takeover.

But what now looms as among the largest European corporate takeover battles ever progressed over the weekend, ricocheting between boardrooms, lawyers' and regulators' offices in Rome and Milan.

On Monday, the Italian market watchdog agency threw a damper on the bid, saying too many regulatory approvals were required. The regulators rejected Olivetti's filing as inadequate for a full-fledged takeover announcement. The Associated Press reported.

The ruling does not stop Olivetti from trying a takeover but it does give Telecom Italia more room to try to fend it off through defensive measures — raising, for instance, the possibility of a counteroffer by Telecom Italia for its much smaller rival.

The screenplay opened Friday, when Olivetti announced about meeting for Sunday to discuss a hostile bid for its major domestic rival, Telecom Italia, the former state-owned monopoly phone

company. Olivetti's share price had soared on rumors of the impending deal. Not to be caught napping, Telecom Italia summoned its board to its Rome headquarters for a Saturday afternoon meeting, presumably to devise a defense.

But Olivetti feared that a Telecom Italia announcement could pre-empt its own. So it gathered its board even earlier Saturday, at a law office in Milan, beating Telecom to the punch with the announcement that it would go after its much larger rival with a combination of cash, stocks and bonds worth \$60 billion.

On the face of it, the deal makes little sense for Olivetti, the former typewriter company that has reinvented itself in recent years as a provider of phone service. To finance its assault, Olivetti said it would sell the most profitable parts of its phone business to its phone business partner, the German giant Mannesmann AG, for about \$10 billion, then raise the remaining \$50 billion through debt and the sale of assets.

For Olivetti, the offer is fraught with risk and uncertainty. Telecom Italia remains a bloated and inefficient company that has undergone three major management changes in the last 18 months.

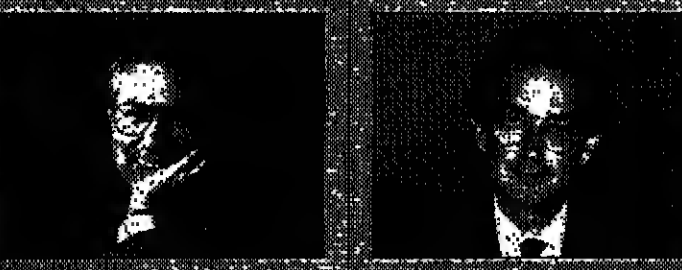
Further, the original terms set by the Italian government for Olivetti's entry into the phone market now make it questionable whether the company can sell its existing phone businesses to Mannesmann without special government

See OLIVETTI, Page 12

The Two Players

Chief executive	Roberto Colaninno	Franco Bernabe
Employees	12,014	127,451
1997 net sales	\$3.9 billion	\$25.2 billion
1997 net income	\$9.4 million	\$1.5 billion
Market capitalization*	\$8.8 billion	\$55.9 billion

Telecom Italia SpA is a public company listed on the Milan stock exchange. It is a subsidiary of the Italian government. Olivetti SpA is a private company. It is a subsidiary of the Italian government.



Thinking Ahead / Commentary

Many See a Stronger Asia Emerging

By Reginald Dale
International Herald Tribune

LAUSANNE, Switzerland — It is risky to make light of economic disasters. When the Asian financial crisis was still in its early stages, President Bill Clinton was widely mocked for calling it a glitch in the road. Michel Camdessus, managing director of the International Monetary Fund, was criticized for describing the crisis as "a blessing in disguise."

It can certainly seem callous to minimize, let alone to welcome, a sudden catastrophe that is causing hardship and distress across a wide swath of humanity.

Yet, when set against Asia's longer history, Mr. Clinton's and Mr. Camdessus's comments will probably turn out to be closer to the truth than much of the hand-wringing that has ensued since the crisis began in the summer of 1997.

That certainly was the virtually unanimous view of a number of prominent Asian who attended a meeting of the Evian Group over the weekend. The informal club of leading business, government and independent experts gathered here to assess the wider impact of the crisis.

Most of the Asian experts attending the meeting, and some of the Westerners, said Asia had received a salutary shock, from which it would emerge economically and politically stronger — more democratic and better able to compete in a global economy dominated by the rules and practices of Anglo-American capitalism.

And the widespread view was that it was not just the countries most immediately affected that had learned big lessons from the crisis.

China and Japan were also expected to restructure and modernize their economies — though perhaps more slowly — and become more attuned to the demands of globalization.

Among the main victims, South Korea, now well past the panic phase and on the way to recovery, is clearly the most straightforward example of the trend.

Scott Young, the South Korean ambassador to the Organization for Economic Cooperation and Development in Paris, welcomed the way the crisis had demolished "Korea Inc." and paved the way for "Korea International," as the

country modernized its economic and corporate culture to attract new investment and pursued political reform.

Even in worst-hit Indonesia, where social upheaval has almost certainly not yet run its course, the explosion was necessary for the country's economic and political development as a nation, said Jusuf Wanandi of the Center for Strategic and International Studies in Jakarta.

A Japanese delegate added that many Western analysts, by concentrating on Japan's stalled economic growth were missing important signs of restructuring, including corporate moves to end cozy relations with banks and improve disclosure, rising foreign investment and the erosion of lifetime employment.

But the most striking report came from China. Fan Gang, director of the National Economics Research Institute in Beijing, said China had learned from the crisis because it was suffering the same problems as its neighbors, although at an earlier stage.

Before the upheaval, Beijing had thought it could manage without big changes by modeling itself on pre-crisis South Korea and Japan.

Now it would have to comprehensively restructure its economy through privatizing state enterprises or allowing them to fail, laying off millions of workers and drastically reforming the banking system.

Even though building new economic institutions would be costly, and take time, it could no longer be delayed, Mr. Fan said.

Several delegates said Confucian attitudes had helped bring on the crisis and would help resolve it.

The Confucian attachment to harmonious human relations had discouraged change and promoted "crony capitalism." The Confucian commitment to learning from the misfortunes and the successes of friends would encourage reform.

For now, ironically, reform will mean more government intervention in some countries, as governments guide institutional change, build social safety nets and run deep budget deficits.

A good test of whether Asia has really learned its lesson will be whether those governments withdraw from the scene once the necessary reforms are completed.

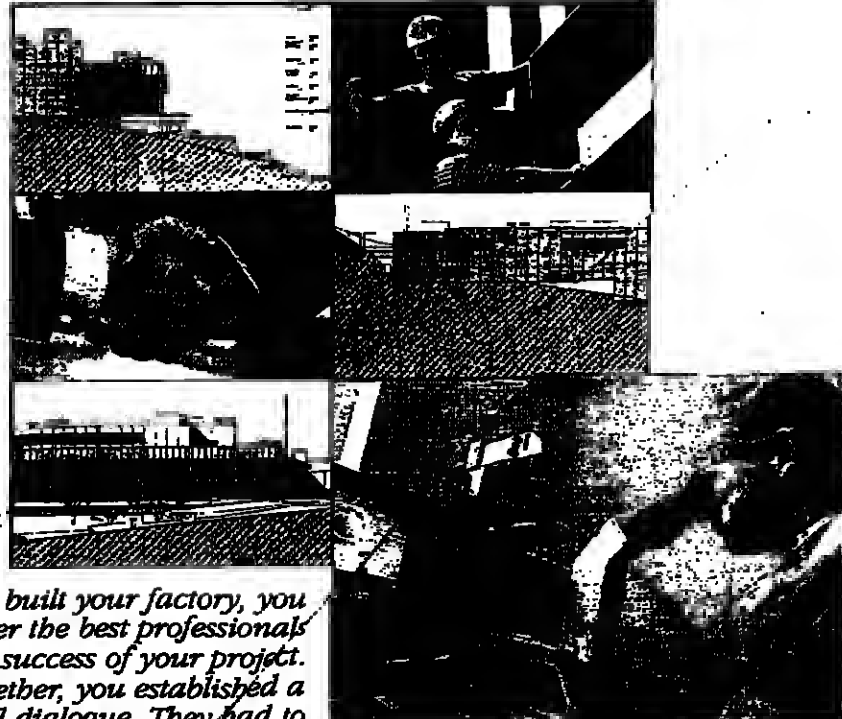
E-mail address: Thinkahead@iht.com

CURRENCY RATES

Cross Rates	Feb. 22	Other Dollar Values	Feb. 22
London (\$)	1.6227	Argentine peso	0.0099
New York (\$)	1.4275	Australian \$	0.6996
Tokyo (¥)	121.75	Belgian franc	6.5595
Frankfurt (DM)	1.4857	British pound	0.6923
Zurich (Sfr)	1.4857	Canadian dollar	0.6923
Osaka (¥)	1.6227	Chinese yuan	0.1563
Paris (FF)	1.6227	Danish krone	6.4656
Madrid (Ptas)	166.64	Deutsche mark	1.9364
Stockholm (Skr)	4.6664	French franc	6.5595
Amsterdam (Gld)	3.7603	Italian lira	2036.27
Brussels (Bfr)	33.3333	Japanese yen	160.93
Geneva (Sfr)	1.4857	Korean won	200.48
Luxembourg (Lfr)	1.4857	Malaysian ringgit	3.4036
Monaco (Mfr)	1.4857	Mexican peso	16.6717
Nice (Nfr)	1.4857	New Zealand dollar	0.6923
Porto (Escudos)	200.48	Polish zloty	4.0000
San Marino (Lira)	2036.27	Romanian leu	2.5536
Sevilla (Pesetas)	166.64	Slovak koruna	30.0000
Valencia (Pesetas)	166.64	Sri Lankan rupee	20.0000
Barcelona (Pesetas)	166.64	Syrian pound	150.0000
Madrid (Pesetas)	166.64	Taiwan dollar	20.0000
Valencia (Pesetas)	166.64	Thai baht	50.0000
Barcelona (Pesetas)	166.64	Uruguayan peso	24.0000
Madrid (Pesetas)	166.64	Vietnamese dong	200.0000
Valencia (Pesetas)	166.64	Yugoslav dinar	100.0000
Barcelona (Pesetas)	166.64		

Private Banking International

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THE AMERICAS

Japan and Germany Shrug as the Dollar Gathers Strength

By Tom Buerkle
International Herald Tribune

LONDON — The dollar resumed its climb against the euro Monday after finance ministers and central bankers of the Group of Seven leading industrial countries appeared to signal tacit approval of the U.S. currency's strength at a weekend meeting.

That impression was reinforced by comments from Japanese and German officials, who said Monday they were not concerned about the dollar because it was simply reflecting the vigorous growth of the U.S. economy in contrast to the weaker performance of Japan and Europe.

A strong dollar should help stimulate the Japanese and European economies by making their exports cheaper on world markets, economists said. But they warned that

further rapid dollar appreciation could destabilize financial markets and deter the European Central Bank from cutting interest rates to revive growth in Europe.

"There is a risk that this move does overshoot," said Joe Prender

FOREIGN EXCHANGE

gast, currency analyst at Credit Suisse First Boston.

Gerard Lyons, chief economist at DKB International, said the hands-off attitude toward the dollar by the G-7 ministers at the weekend meeting in Germany represented a failure. It underscored the fact that the United States was the only major economy supporting global growth, he said.

"The last thing the world economy needs is a series of competitive devaluations," Mr. Lyons said. "It doesn't need Japan and Europe to

rely on weaker currencies. It needs them to boost domestic demand."

The euro dipped below \$1.10 in early trading before recovering to \$1.037 in 4 P.M. New York trading, down from a peak of \$1.18 on its opening day of trading on Jan. 4, the euro has weakened steadily as Europe's growth prospects have turned down.

The dollar also rose to 1.4493 Swiss francs from 1.4455 francs. The pound rose to \$1.6273 from \$1.6223.

Against the yen, the dollar pared some gains made earlier in Asia and Europe and was quoted at 120.90 yen, down from 121.15 Friday.

The dollar has rebounded sharply in recent weeks as the performance of the three major economic blocs have diverged, rather than converging as economists had expected.

Japan remains mired in recession

despite a burst of government deficit spending and a cut in the Bank of Japan's key short-term interest rate last week to the astonishing low level of 0.15 percent.

"Now that interest rates are almost zero, what can Japan do?" asked Brendan Brown, chief economist at Mitsubishi Finance International in London.

The easy answer is to allow the yen to depreciate to encourage exports. Masaru Hayami, governor of the Bank of Japan, appeared to endorse that strategy when he said after the G-7 meeting that the yen's decline was good for Japan's economy.

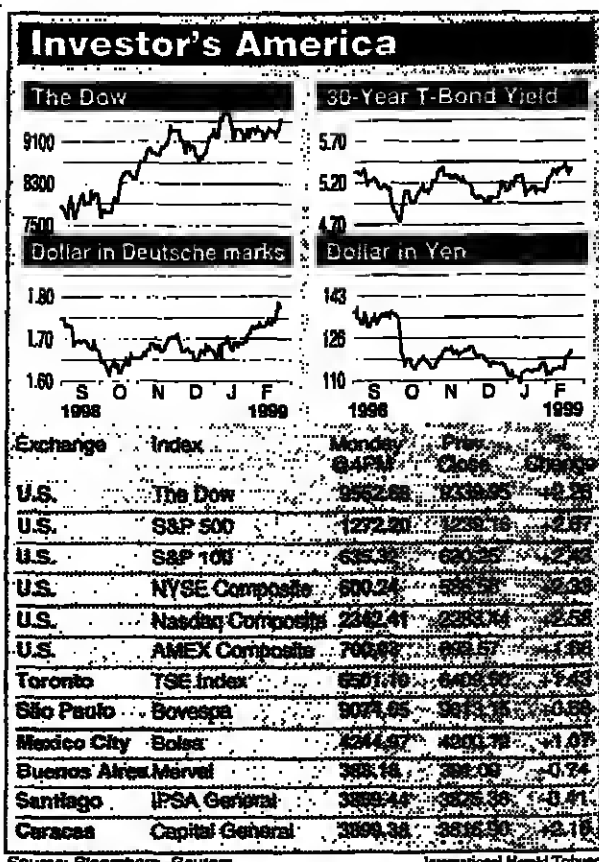
In Europe, meanwhile, Germany's undersecretary of finance, Heiner Flassbeck, called the euro's weakness a normal development given that interest rates are higher in the United States than in Europe. "The euro follows the rate gap," he

said. "That's no reason for concern. One shouldn't dramatize it."

The key question for policy makers and investors is whether the rate gap will widen through an interest-rate reduction by the European Central Bank.

Wim Duisenberg, the bank's president, dampened speculation of an early cut by telling the G-7 meeting that the bank's 3 percent interest rate was "sufficiently accommodating." Still, analysts predict the bank will cut rates by about one-quarter point in March or April.

Deutsche Bank AG in Frankfurt, said the euro's weakness would prevent a rate cut for the near future, and could even prompt intervention in currency markets by the European Central Bank. The bank was concerned to safeguard the currency's credibility in its first months, he said.



Very briefly:

• **Aerojet Technologies Corp.**, maker of jet engines and aerospace components, agreed to acquire components supplier Sundstrand Corp. for about \$4.3 billion. The acquisition continues the consolidation of the U.S. aerospace industry.

• **NEC Corp.**, one of Japan's largest electronics makers, lost a U.S. Supreme Court bid to block the American import of its Supercomputers as a penalty for allegedly selling the products below fair market price.

• **Bank One Corp.** plans to cut about 200 jobs, or 20 percent of its commercial-banking work force outside the United States, as part of a global restructuring. The company said most of the job cuts would be in its London branch.

• **The United States and Russia** have reached a tentative agreement under which Russia will cut steel exports to the United States by almost 70 percent.

• **The U.S. Supreme Court** rejected an appeal by an AT&T Corp. subsidiary, AT&T Wireless, arguing that a class-action lawsuit on behalf of its cellular phone customers should be dismissed. The justices let stand a ruling that reinstated a 1995 lawsuit.

Bloomberg, Reuters

Weekend Box Office

LOS ANGELES — "Message in a Bottle" and "Payback" dominated the U.S. box office over the weekend, with grosses of \$10.3 million.

Following are the Top 10 moneymakers, based on ticket sales Saturday and estimated sales for Sunday.

Rank	Title	Studio	Weekend Gross
1	Message in a Bottle	Warner Bros.	\$10.3 million
2	Payback	Paramount	\$8.1 million
3	My Favorite Martian	Walt Disney	\$4.7 million
4	Blues from the Past	New Line Cinema	\$4.4 million
5	October Sky	Universal Pictures	\$4.1 million
6	Shakespeare in Love	Miramax	\$3.8 million
7	She's All That	Miramax	\$3.4 million
8	Office Space	Touchstone Pictures	\$3.3 million
9	Crash	Touchstone Pictures	\$3.2 million
10	Saving Private Ryan	DreamWorks	\$3.1 million

U.S. STOCK MARKET DIARY

Index	Monday, Feb. 22	Change
Dow Jones	8000.00	+100.00
S&P 500	1200.00	+20.00
Nasdaq	2500.00	+50.00
AMEX	1000.00	+10.00

Index	Monday, Feb. 22	Change
Dow Jones	8000.00	+100.00
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Corporate Deals Give Lift to Blue-Chip Stocks

2 Power Companies To Buy Gas Utilities

NEW YORK — Stock prices surged Monday as a spate of corporate dealmaking bolstered confidence in blue-chip shares.

"Merger-and-acquisition activity is driving the market today," said Timothy Ghriskey, senior portfolio manager at Dreyfus Corp. Investors "think there will be more to come."

At the close, the Dow Jones industrial average was up 212.73 points to 8,000.00. The Standard & Poor's 500 index gained 33.03 points to 1,200.00. The Nasdaq composite index climbed 58.81 to 2,500.00. Advancing issues outnumbered declining ones by a ratio of 2-to-1 on the New York Stock Exchange.

Stocks climbed as investors speculated that the mergers announced Monday will mean that bullish sentiment continues to thrive.

U.S. STOCKS

In one deal, Dominion Resources, owner of the largest power company in Virginia, agreed to buy Consolidated Natural Gas for \$8.41 billion.

Sempra Energy, the largest natural gas utility in California, said it would buy KN Energy for about \$5 billion, giving it a national network of gas pipelines. In yet another deal, United Technologies agreed to acquire the aerospace component supplier Sundstrand for about \$4.3 billion.

The "strategic mergers have allayed investors' latent fears about valuations," said Bill Allen, director of principal trading for Jefferies & Co. in Short Hills, New Jersey.

Among the gainers were other energy companies. Piedmont Natural Gas rose 2 1/8 to 33 1/2 and El Paso Energy rose 1 1/8 to 34 1/8.

Tenneco rose 1 to 28 1/2. The maker of Walker mufflers and Hefly trash bags said it was in talks with potential buyers for its auto parts unit, which it hopes to sell for about \$4 billion to focus on packaging. The chief executive of Tenneco, Dana Mead, would like to announce the sale or spin-off of the unit, which makes Monroe shock absorbers, by the end

this quarter, the company said.

The rally was broad, with technology stocks continuing to post gains. Gateway 2000 rose 6 1/8 to 79 3/8 on optimism that first-quarter sales at the direct seller of personal computers will top expectations. Hewlett-Packard gained 5 1/8 to 73 1/8 and Compaq Computer rose 1 1/8 to 42 1/8.

Meanwhile, the prices of Treasury securities, rose, with the benchmark 30-year bond up 13/32 to 98 12/32, pushing the yield down to 5.36 percent from 5.38 percent.

Stocks "are being helped as bond yields pull back with no inflation in the U.S.," said Stephen Dalton First Union Corp.'s First Capital Corp. unit.

(Bloomberg, Reuters)

OLIVETTI: Takeover Bid, Worthy of a Fellini Epic, Was Part Drama, Part Farce and Part Mystery

Continued from Page 11

permission.

The deal will be expensive. Fed up with the founding at Telecom, its shareholders in December enlisted Franco Bernabè to turn Telecom around. Mr. Bernabè, 50, one of Italy's most talented turn-around artists, had been running the big Italian oil group ENI SpA. Since he took over, Telecom's share price has shot up nearly 40 percent.

Not despite all these hurdles, Olivetti's chairman, Roberto Colaninno, insists that the logic of the offer is

clear. In interviews over the weekend, Mr. Colaninno said that Telecom faced the threat of a foreign takeover that would leave one of the nation's industrial jewels in non-Italian hands.

Mr. Colaninno started thinking seriously about taking over Telecom Italia as early as last autumn, and he met with government officials in several departments seeking support, people close to the companies said.

The government cannot officially support the bid, but officials expressed interest in Telecom's remaining an Italian

entity, these people said.

At the same time that Mr. Colaninno was lobbying the government, Olivetti executives were conferring with advisers about how to structure a deal to take over their bigger rival. Like everything in this offer, that too is complicated.

Olivetti expects to make its offer through Teconet SpA, a separately traded Olivetti unit that makes equipment for lotteries. Olivetti has already announced plans to sell assets to raise cash, money it plans to funnel into Teconet. The tender offer will consist of cash, shares and debt, includ-

ing five-year Teconet bonds.

Olivetti needs two-thirds of Telecom Italia shareholders to agree to the offer. And if approved, Teconet and Olivetti will, in effect, combine their operations.

But several things have to fall into place for this offer to succeed. First, Olivetti has yet to file complete and formal takeover documents with Italian securities regulators. Regulators have to approve any offer before Olivetti can begin tendering shares.

Also, Olivetti has to guarantee that bank financing is committed before it can

tender. That has not been done yet, although banks are already lined up.

Finally, the formal offer is likely to have a laundry list of ways Olivetti can opt out of the deal, if it wants to, one person close to the companies said.

Those delays could give Telecom Italia ample time to marshal its own forces. But they also have the effect of putting the company in play. Over the past few years, several companies — including British Telecom and Vodafone Group PLC, another British company, along with American concerns such as Bell Atlantic — have talked to Telecom Italia or its wireless concern, Telecom Italia Mobile, about a combination or venture, industry analysts said.

So far, nothing has materialized from those discussions, making Mr. Colaninno's argument for protection.

HSBC: A Bid for SeoulBank

Continued from Page 11

Joong Hyok, deputy director of the economic information bureau at the ministry of finance.

HSBC will get a 292-branch, full-service bank in Asia's largest banking market outside Japan, plus an agreement by the government to take over "certain assets, including nonperforming assets and liabilities," according to a statement. HSBC will have the right to acquire the whole bank within four years, but if it does not exercise that right then the South Korean government could end up owning 40 percent of the bank under the complicated terms of the deal.

Under the agreement in principle, which came a week after HSBC agreed to lend Korea Development Bank \$35 million, it is HSBC and not the South Korean government which would get first crack at its options to buy more shares. The government would retain voting rights relating only to issues "that materially impact its economic position," the announcement said.

Rumors of the deal's demise were widespread in the market, because of South Korea's initial reluctance to surrender more than 51 percent of the shares. Last year, HSBC had made an unsuccessful attempt to buy state-controlled Korea First Bank, which held a 51 percent stake in U.S.-based Newbridge Capital Ltd. in December.

In South Korea, there are still potential problems that await HSBC in the event that it chooses to shut down some branches of SeoulBank, an aspect not addressed in the announcement.

INTEREST RATES

Monday, Feb. 22

Government Debt	3-month	6-month	1-year	2-year	3-year	5-year	10-year
Britain	5.000	—	—	4.824	4.475	4.345	4.345
France	2.800	2.870	2.970	2.970	2.970	2.970	2.970
Germany	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Italy	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Japan	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Spain	2.500	2.500	2.500	2.500	2.500	2.500	2.500
United States	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Yield	4.48	4.48	4.48	4.48	4.48	4.48	4.48

Money Market Rates	Today	Prev	Rate	Today	Prev
Discount rate	4%	4%	Bank rate	5%	5%
Prime rate	7 1/4	7 1/4	Call money	5%	5%
Federal funds	4 1/4	4 1/4	1-month interbank	5%	5%
90-day Certificate	4 1/4	4 1/4	3-month interbank	5%	5%
180-day Certificate	4 1/4	4 1/4	6-month interbank	5%	5%

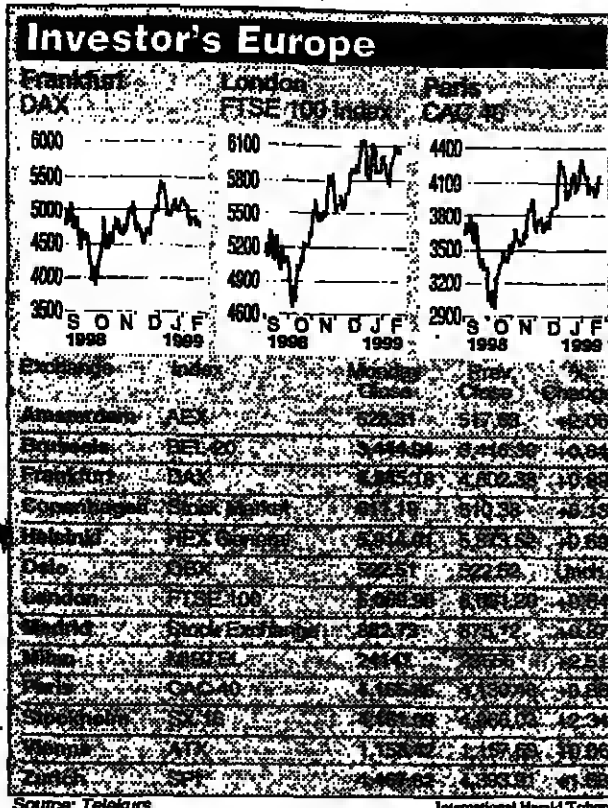
Commodity Indexes	Today	Prev	Rate	Today	Prev
Crude oil	24.00	24.00	Gold	340.00	340.00
Heating oil	1.20	1.20	Silver	5.00	5.00
Natural gas	0.50	0.50	Palladium	1,000.00	1,000.00
Wheat	1.50	1.50	Copper	1.50	1.50
Corn	1.00	1.00	Aluminum	1.00	1.00
Soybeans	1.00	1.00	Zinc	1.00	1.00
Wheat	1.50	1.50	Nickel	1.00	1.00
Corn	1.00	1.00	Lead	1.00	1.00
Soybeans	1.00	1.00	Iron	1.00	1.00

Gold Findings		Forward Rates	
Morning	Afternoon	Change	
267.25	267.20	+ 0.05	
U.S. dollars per ounce.			
Source: Reuters.			

	30-day	60-day	90-day
Pound Sterling	1.6209	1.6195	1.6184
Canadian dollar	1.4902	1.4902	1.4892
Euro	1.1091		
Japanese yen	120.49	120.86	119.54
Swiss franc	1.4461	1.4423	1.4380

Source: Associated Press.

EUROPE



Very briefly:

- Cable & Wireless PLC, the No. 2 British phone company, has named Graham Wallace, 50, as chief executive, filling the post left vacant by Richard Brown's departure in December.
- Akzo Nobel NV, the world's No. 1 paintmaker, said fourth-quarter profit fell 14 percent to 307 million guilders (\$154.5 million), from 359 million guilders a year earlier as the cost of financing the acquisition of Courtauld PLC and a drop in textile-fiber earnings outweighed better profit from drugs.
- Ana Patricia Botin, 38, until recently the leading candidate to succeed her father as chairman of Banco Santander SA, Spain's largest bank, resigned less than six weeks after Santander said it would merge with Banco Central Hispano SA, Spain's No. 3 bank, limiting her role.
- Securitas AB, a Swedish security services company and the largest in Europe, agreed to buy U.S. rival Pinkerton's Inc., for \$384 million in cash, creating the world's largest security services company with a 5 percent market share.
- Teva Pharmaceutical Industries Ltd., Israel's largest drugmaker, said fourth-quarter profit rose 32 percent last year as it cut costs in Europe and sales grew for its multiple sclerosis treatment, Copaxone.
- Hugo Boss AG, a German clothing maker, said net income last year rose 18.2 percent to 97.2 million Deutsche marks (\$55 million) on increased demand for fashion in Europe. Sales rose 17.7 percent to 1.33 billion DM from 1.136 billion DM a year earlier.
- OetV, a German public sector union, is to stage nationwide warning strikes, possibly as early as Tuesday, to put pressure on employers before wage talks for the country's 3.2 million government employees resume Friday.

Volvo Halts Two Large Scandinavian Insurers to Team Up

Its Move For Scania

By Alan Cowell

New York Times Service

LONDON — Volvo AB, the Swedish truckmaker ranking second in Europe, announced Monday that it had broken off takeover negotiations with rival Scania AB, raising speculation that it might now set its sights on a U.S. target in its quest for size and market share.

Last month, Volvo announced the sale of its car division to Ford Motor Co. for \$6.5 billion, leaving it potentially cash-rich but vulnerable to a takeover itself if it does not move quickly to bolster its truck business, analysts said.

Volvo said the negotiations with Scania had collapsed over the price sought by Scania's main shareholder, Investor AB, which is the financial arm of the Walleberg dynasty that controls much of Swedish business. Investor owns 46 percent of Scania voting stock. Volvo bought a 12.85 percent stake in its rival last month.

There was "no common ground" on price, the Volvo spokesman, Stefan Lorentzon, said. "We retain our stake and are still interested in doing a deal."

Nils Lindén, a spokesman for Investor, said the company was "interested in finding the best solution for Scania," adding that the possibilities ranged from it remaining independent to a merger. He gave no further details.

Percy Barnevik, the chairman of Investor, said recently that Scania was strong enough to survive alone for several years.

Scania stock slipped more than 5 percent to 202 Swedish kroner (\$25.26) on Monday after the collapse of negotiations was announced, while Volvo fell 1.5 kroner to 215 kroner. Swedish analysts said Investor had valued Scania at around 250 kroner a share.

Leif Johansson, Volvo's chief executive, said Volvo had bought its stake last month in the belief that "Investor was considering withdrawing as the principal owner and accordingly was receptive to an offer for the entire company."

Compiled by Our Staff From Dispatches

STOCKHOLM — Storebrand ASA of Norway and Skandia AB of Sweden, the biggest insurers in their home countries, said Monday they would merge their nonlife-insurance units, moving to meet stiffer competition in the region's financial industry.

Storebrand and Skandia will each hold 50 percent of voting rights in the venture, while Skandia will own 56 percent of capital. The combined company would be the biggest casualty-insurance company in the Nordic countries, with a pro-forma premium income of 22.9 billion Swedish kroner (\$2.8 billion) in 1998.

The companies see cost savings of 450 million kroner in three years, said Birgitta Hammarstrom, a spokeswoman at Skandia. The headquarters of the new company will be in Stockholm, while the divisions for private insurance,

shipowners' and energy insurance will be headed from Norway.

Skandia has said it is considering a listing of its nonlife insurance unit, without specifying when. Stiffer competition brought by the creation of a single European currency and the advance of technology is fueling a need for restructuring in the region's banking and insurance industry. Companies are seeking means to increase revenue, cut costs and raise returns, particularly with their less profitable property and casualty businesses.

"The industry worldwide is consolidating," said Tom Bennett, an analyst at Paribas in London. "Certainly when it comes to Norway, Sweden, Finland and Denmark, you have a large number of relatively small companies."

"The ability to generate scale and cost efficiencies by merging cross-border is just about the only option they have."

The Nordic market "has a strong connection with Europe, which creates the need for economies of scale greater than what can be achieved in national markets," said Sven Soederberg, chairman of Skandia.

Also on Monday, Swiss Life, Switzerland's No. 1 life insurer, agreed to buy Sumitomo Bank Ltd.'s stake in Banca del Gottardo for 1.37 billion Swiss francs (\$940 million) and will offer to buy the rest in a bid to catch up with rival insurers in asset management.

Swiss Life said it would pay Sumitomo about 1,500 francs a share, an 11.8 percent premium over Friday's closing price, raising its stake in the Swiss money manager to 57.6 percent. Minority shareholders will be offered 1,404 francs a share, an offer that is lower because it excludes this year's dividend.

In gaining control of Gottardo, Zurich-based Swiss Life joins other European insurers in expanding in

money management. Last year, Assicurazioni Generali SpA, Europe's No. 3, agreed to buy UBS's Banca Svizzera Italiana unit for 1.92 billion francs.

"The acquisition marks an important step for Swiss Life in implementing its new strategy," the company said before the market opened. The purchase adds 30 billion francs in assets to Swiss Life's 110 billion francs under management.

But Standard & Poor's Corp. on Monday lowered its rating outlook to negative for Swiss Life/Rentenanstalt, a move that it said reflected the group's "somewhat weakened, though very strong" level of capital and the challenges associated with managing two large acquisitions.

This refers also to Swiss Life's plans to buy French health insurer Lloyd Continental. Negotiations to that effect are continuing.

(Bloomberg, AFP)

KLM and Partners to Talk With Air China Strong Debut For Air France

Bloomberg News

PARIS — The chief executives of KLM Royal Dutch Airlines NV, Alitalia SpA of Italy and Northwest Airlines Corp. of the United States will meet Air China officials Tuesday to discuss bringing the Chinese carrier into their alliance, Alitalia said Monday.

The three are also reported to be holding talks with Air France SA, shares of which begin trading Tuesday, as they seek to build a global alliance.

Airlines are scrambling to build alliances as a cost-effective way of

expanding their networks. A slowdown in the world's economies is also putting pressure on carriers to seek extra revenue and cut costs through partnerships.

British Airways PLC and AMR Corp.'s American Airlines recently added Japan Airlines Inc. to their OneWorld alliance, and Deutsche Lufthansa AG and UAL Corp.'s United Airlines aim to add Singapore Airlines Ltd. to their Star Alliance this year.

An Alitalia spokesman said the carriers were at the "very beginning" of talks with Air France. On

Sunday, the Italian news agency Ansa reported that the French carrier would join the alliance, quoting unidentified Alitalia executives.

KLM did not confirm talks with Air France, nor would it say what its chief executive, Leo Van Wijk, would discuss in China, though it confirmed that he was going there.

No Chinese airline has yet joined any of the top airline alliances. The Chinese air-travel market, though small at the moment, is considered to have enormous potential for growth even as its Asian neighbors battle with recession.

Compiled by Our Staff From Dispatches

PARIS — Air France shares soared Monday as the airline reached the Paris stock market in a long-awaited partial privatization, though some early gains were later lost to profit-takers.

The stock, priced at 14 euros (\$15.50), opened at 18 euros after early strong demand from institutions and individual investors. But by the close, the price had slipped to 16.10 euros.

The government sold 20.7 percent of the national carrier for an initial market capitalization of 3.51 billion euros.

Market analysts said the pricing of the initial public offering valued Air France cheaply compared with European competitors such as British Airways, Lufthansa of Germany and KLM of the Netherlands.

Air France was "a great future," said Valerie Cazaban-Levy, president of Paris-based Stratégie Finance, which manages 700 million francs (\$118 million).

He added that expansion at Roissy Charles de Gaulle airport makes Air France's potential for growth "enormous." (Reuters, Bloomberg)

Debt-Plan Expectations Spur Russian Stocks

Bloomberg News

MOSCOW — Russian stocks are soaring, making the benchmark RTS stock index one of the world's best-performing, after sliding 85 percent last year, when it was the world's worst.

Driving the rally is the expectation that the government will let foreign holders of defaulted Treasury debt invest in stocks with rubles that they receive from a debt-restructuring plan. The plan could

bring as much as \$300 million into the Russian stock market, investors and analysts said.

The Russian Trading System index rose 7.4 percent Monday, to 74.53 points, its highest level since Aug. 26, after rising 5.6 percent Friday. The index has gained about 28 percent this year.

Still, many investors remain cautious, saying Russia's economy has not improved. Trading volume remains low, with about \$10 million in

stocks trading daily, compared with \$80 million at the start of 1998.

"It's a casino situation," said Luca Parnegiani, a fund manager at Vontobel USA, who has \$300 million invested in Eastern Europe, about 4 percent of that in Russia. "It's a question of being very fast. In some cases you have to buy in the morning and sell in the afternoon."

I'm really afraid of the day the demand will not be there anymore and the market will lose 60 percent."

WORLD STOCK MARKETS

Monday, Feb. 22
Prices in local currencies
in euros for ERM countries

High Low Close Prev.

Amsterdam
AEX Index 358.2
Prev. 357.1

Frankfurt
DAX Index 4063.1
Prev. 4058.2

London
FTSE 100 Index 4100.0
Prev. 4095.0

Paris
CAC 40 Index 3500.0
Prev. 3495.0

Stock markets in Athens and Shanghai were closed Monday for local holidays.

Bangkok
SET Index 2045.0
Prev. 2040.0

Helsinki
HEX Index 1994.0
Prev. 1992.0

Bombay
S&P 500 Index 2280.0
Prev. 2275.0

Brussels
BEL 20 Index 2444.0
Prev. 2440.0

Buenos Aires
Merval Index 281.0
Prev. 280.0

Copenhagen
Stock Index 611.0
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Johannesburg

Compustat Index 2847.0
Prev. 2842.0

London
FTSE 100 Index 4100.0
Prev. 4095.0

Paris
CAC 40 Index 3500.0
Prev. 3495.0

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S&P 500 Index 2280.0
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Madrid

Compustat Index 2847.0
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London
FTSE 100 Index 4100.0
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Paris
CAC 40 Index 3500.0
Prev. 3495.0

Stock markets in Athens and Shanghai were closed Monday for local holidays.

Bangkok
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Prev. 2040.0

Helsinki
HEX Index 1994.0
Prev. 1992.0

Bombay
S&P 500 Index 2280.0
Prev. 2275.0

Brussels
BEL 20 Index 2444.0
Prev. 2440.0

Buenos Aires
Merval Index 281.0
Prev. 280.0

Copenhagen
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Seoul

Compustat Index 2847.0
Prev. 2842.0

London
FTSE 100 Index 4100.0
Prev. 4095.0

Paris
CAC 40 Index 3500.0
Prev. 3495.0

Stock markets in Athens and Shanghai were closed Monday for local holidays.

Monday's 4 P.M.

The 1,000 most traded National Market securities.
In terms of dollar value, updated twice a year.
The Associated Press.

172 Month High Low Stock Div Yld PE ⁵²Wk High Low Latest Chgs

[illegible][illegible][illegible]

Stock	High	Low	Open	Close	Change
ABC	100	98	99	99	0
DEF	120	118	119	119	0
GHI	150	148	149	149	0
JKL	180	178	179	179	0
MNO	200	198	199	199	0
PQR	220	218	219	219	0
STU	250	248	249	249	0
VWX	280	278	279	279	0
YZA	300	298	299	299	0
BCD	320	318	319	319	0
EFG	350	348	349	349	0
HIJ	380	378	379	379	0
KLM	400	398	399	399	0
NOP	420	418	419	419	0
QRS	450	448	449	449	0
TUV	480	478	479	479	0
WXY	500	498	499	499	0
XZA	520	518	519	519	0
YAB	550	548	549	549	0
ZAC	580	578	579	579	0
ADB	600	598	599	599	0
CEG	620	618	619	619	0
DHF	650	648	649	649	0
EIK	680	678	679	679	0
FJL	700	698	699	699	0
GKM	720	718	719	719	0
HLN	750	748	749	749	0
IMO	780	778	779	779	0
JNP	800	798	799	799	0
KOQ	820	818	819	819	0
LPK	850	848	849	849	0
MRJ	880	878	879	879	0
NSI	900	898	899	899	0
OTL	920	918	919	919	0
PUM	950	948	949	949	0
QVN	980	978	979	979	0
RWO	1000	998	999	999	0
SXP	1020	1018	1019	1019	0
TYQ	1050	1048	1049	1049	0
UZR	1080	1078	1079	1079	0
VAS	1100	1098	1099	1099	0
WBT	1120	1118	1119	1119	0
XCU	1150	1148	1149	1149	0
YDV	1180	1178	1179	1179	0
ZEW	1200	1198	1199	1199	0
AFY	1220	1218	1219	1219	0
BGZ	1250	1248	1249	1249	0
CHA	1280	1278	1279	1279	0
DIB	1300	1298	1299	1299	0
EJC	1320	1318	1319	1319	0
FKL	1350	1348	1349	1349	0
GLM	1380	1378	1379	1379	0
HMN	1400	1398	1399	1399	0
ION	1420	1418	1419	1419	0
JPO	1450	1448	1449	1449	0
KQR	1480	1478	1479	1479	0
LSR	1500	1498	1499	1499	0
MST	1520	1518	1519	1519	0
NTU	1550	1548	1549	1549	0
OVV	1580	1578	1579	1579	0
PWX	1600	1598	1599	1599	0
QYX	1620	1618	1619	1619	0
RZA	1650	1648	1649	1649	0
SAW	1680	1678	1679	1679	0
TBX	1700	1698	1699	1699	0
UCY	1720	1718	1719	1719	0
VDA	1750	1748	1749	1749	0
WFE	1780	1778	1779	1779	0
XGH	1800	1798	1799	1799	0
YHI	1820	1818	1819	1819	0
ZIJ	1850	1848	1849	1849	0
AKJ	1880	1878	1879	1879	0
BLK	1900	1898	1899	1899	0
CLM	1920	1918	1919	1919	0
DNK	1950	1948	1949	1949	0
EOH	1980	1978	1979	1979	0
FIJ	2000	1998	1999	1999	0
GKL	2020	2018	2019	2019	0
HMN	2050	2048	2049	2049	0
ION	2080	2078	2079	2079	0
JPO	2100	2098	2099	2099	0
KQR	2120	2118	2119	2119	0
LSR	2150	2148	2149	2149	0
MST	2180	2178	2179	2179	0
NTU	2200	2198	2199	2199	0
OVV	2220	2218	2219	2219	0
PWX	2250	2248	2249	2249	0
QYX	2280	2278	2279	2279	0
RZA	2300	2298	2299	2299	0
SAW	2320	2318	2319	2319	0
TBX	2350	2348	2349	2349	0
UCY	2380	2378	2379	2379	0
VDA	2400	2398	2399	2399	0
WFE	2420	2418	2419	2419	0
XGH	2450	2448	2449	2449	0
YHI	2480	2478	2479	2479	0
ZIJ	2500	2498	2499	2499	0
AKJ	2520	2518	2519	2519	0
BLK	2550	2548	2549	2549	0
CLM	2580	2578	2579	2579	0
DNK	2600	2598	2599	2599	0
EOH	2620	2618	2619	2619	0
FIJ	2650	2648	2649	2649	0
GKL	2680	2678	2679	2679	0
HMN	2700	2698	2699	2699	0
ION	2720	2718	2719	2719	0
JPO	2750	2748	2749	2749	0
KQR	2780	2778	2779	2779	0
LSR	2800	2798	2799	2799	0
MST	2820	2818	2819	2819	0
NTU	2850	2848	2849	2849	0
OVV	2880	2878	2879	2879	0
PWX	2900	2898	2899	2899	0
QYX	2920	2918	2919	2919	0
RZA	2950	2948	2949	2949	0
SAW	2980	2978	2979	2979	0
TBX	3000	2998	2999	2999	0
UCY	3020	3018	3019	3019	0
VDA	3050	3048	3049	3049	0
WFE	3080	3078	3079	3079	0
XGH	3100	3098	3099	3099	0
YHI	3120	3118	3119	3119	0
ZIJ	3150	3148	3149	3149	0
AKJ	3180	3178	3179	3179	0
BLK	3200	3198	3199	3199	0
CLM	3220	3218	3219	3219	0
DNK	3250	3248	3249	3249	0
EOH	3280	3278	3279	3279	0
FIJ	3300	3298	3299	3299	0
GKL	3320	3318	3319	3319	0
HMN	3350	3348	3349	3349	0
ION	3380	3378	3379	3379	0
JPO	3400	3398	3399	3399	0
KQR	3420	3418	3419	3419	0
LSR	3450	3448	3449	3449	0
MST	3480	3478	3479	3479	0
NTU	3500	3498	3499	3499	0
OVV	3520	3518	3519	3519	0
PWX	3550	3548	3549	3549	0
QYX	3580	3578	3579	3579	0
RZA	3600	3598	3599	3599	0
SAW	3620	3618	3619	3619	0
TBX	3650	3648	3649	3649	0
UCY	3680	3678	3679	3679	0
VDA	3700	3698	3699	3699	0
WFE	3720	3718	3719	3719	0
XGH	3750	3748	3749	3749	0
YHI	3780	3778	3779	3779	0
ZIJ	3800	3798	3799	3799	0
AKJ	3820	3818	3819	3819	0
BLK	3850	3848	3849	3849	0
CLM	3880	3878	3879	3879	0
DNK	3900	3898	3899	3899	0
EOH	3920	3918	3919	3919	0
FIJ	3950	3948	3949	3949	0
GKL	3980	3978	3979	3979	0
HMN	4000	3998	3999	3999	0
ION	4020	4018	4019	4019	0
JPO	4050	4048	4049	4049	0
KQR	4080	4078	4079	4079	0
LSR	4100	4098	4099	4099	0
MST	4120	4118	4119	4119	0
NTU	4150	4148	4149	4149	0
OVV	4180	4178	4179	4179	0
PWX	4200	4198	4199	4199	0
QYX	4220	4218	4219	4219	0
RZA	4250	4248	4249	4249	0
SAW	4280	4278	4279	4279	0
TBX	4300	4298	4299	4299	0
UCY	4320	4318	4319	4319	0
VDA	4350	4348	4349	4349	0
WFE	4380	4378	4379	4379	0
XGH	4400	4398	4399	4399	0
YHI	4420	4418	4419	4419	0
ZIJ	4450	4448	4449	4449	0
AKJ	4480	4478	4479	4479	0
BLK	4500	4498	4499	4499	0
CLM	4520	4518	4519	4519	0
DNK	4550	4548	4549	4549	0
EOH	4580	4578	4579	4579	0
FIJ	4600	4598	4599	4599	0
GKL	4620	4618	4619	4619	0
HMN	4650	4648	4649	4649	0
ION	4680	4678	4679	4679	0
JPO	4700	4698	4699	4699	0
KQR	4720	4718	4719	4719	0
LSR	4750	4748	4749	4749	0
MST	4780	4778	4779	4779	0
NTU	4800	4798	4799	4799	0
OVV	4820	4818	4819	4819	0
PWX	4850	4848	4849	4849	0
QYX	4880	4878	4879	4879	0
RZA	4900	4898	4899	4899	0
SAW	4920	4918	4919	4919	0
TBX	4950	4948	4949	4949	0
UCY	4980	4978	4979	4979	0
VDA	5000	4998	4999	4999	0
WFE	5020	5018	5019	5019	0
XGH	5050	5048	5049	5049	0
YHI	5080	5078	5079	5079	0
ZIJ	5100	5098	5099	5099	0
AKJ	5120	5118	5119	5119	0
BLK	5150	5148	5149	5149	0
CLM	5180	5178	5179	5179	0
DNK	5200	5198	5199	5199	0
EOH	5220	5218	5219	5219	0
FIJ	5250	5248	5249	5249	0
GKL	5280	5278	5279	5279	0
HMN	5300	5298	5299	5299	0
ION	5320	5318	5319	5319	0
JPO	5350	5348	5349	5349	0
KQR	5380	5378	5379	5379	0
LSR	5400	5398	5399	5399	0
MST	5420	5418	5419	5419	0
NTU	5450	5448	5449	5449	0
OVV	5480	5478	5479	5479	0
PWX	5500	5498	5499	5499	0
QYX	5520	5518	5519	5519	0
RZA	5550	5548	5549	5549	0
SAW	5580	5578	5579	5579	0
TBX	5600	5598	5599	5599	0
UCY	5620	5618	5619	5619	0
VDA	5650	5648	5649	5649	0
WFE	5680	5678	5679	5679	0
XGH	5700	5698	5699	5699	0
YHI	5720	5718	5719	5719	0
ZIJ	5750	5748	5749	5749	0
AKJ	5780	5778	5779	5779	0
BLK	5800	5798	5799	5799	0
CLM	5820	5818	5819	5819	0
DNK	5850	5848	5849	5849	0
EOH	5880	5878	5879	5879	0
FIJ	5900	5898	5899	5899	0
GKL	5920	5918	5919	5919	0
HMN	5950	5948	5949	5949	0
ION	5980	5978	5979	5979	0
JPO	6000	5998	5999	5999	0
KQR	6020	6018	601		

[illegible][illegible]**AMEX**

Monday's 4 P.M. Close
The 150 most traded stocks of the day
up to the closing on Wall Street.
The Associated Press.

Symbol	Sales	High	Low	Latest	Chg
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[illegible][illegible][illegible]**NYSE**

Monday's 4 P.M. Close
(Continued)

High	Low	Stock	Div	Yld	PE	100s High	Low	Latest	Change
25 1/2	14 1/4	WIND	.48	2.1	17	14 1/4	22 1/4	21 3/4	22

[illegible][illegible][illegible][illegible]

Crude	12 Months		Stock	Div Yld	PE	TSE High	Low/Low
	High	Low					
WTI	20.00	19.50	1,200,000	4.50	15.00	100.00	90.00
Brent	20.50	20.00	1,100,000	4.80	15.50	105.00	95.00
WTI	21.00	20.50	1,300,000	4.60	15.20	102.00	92.00
Brent	21.50	21.00	1,200,000	4.90	15.80	108.00	98.00
WTI	22.00	21.50	1,400,000	4.70	15.40	104.00	94.00
Brent	22.50	22.00	1,300,000	5.00	16.00	110.00	100.00
WTI	23.00	22.50	1,500,000	4.80	15.60	106.00	96.00
Brent	23.50	23.00	1,400,000	5.10	16.20	112.00	102.00
WTI	24.00	23.50	1,600,000	4.90	15.80	108.00	98.00
Brent	24.50	24.00	1,500,000	5.20	16.40	114.00	104.00
WTI	25.00	24.50	1,700,000	5.00	16.00	110.00	100.00
Brent	25.50	25.00	1,600,000	5.30	16.60	116.00	106.00
WTI	26.00	25.50	1,800,000	5.10	16.20	112.00	102.00
Brent	26.50	26.00	1,700,000	5.40	16.80	118.00	108.00
WTI	27.00	26.50	1,900,000	5.20	16.40	114.00	104.00
Brent	27.50	27.00	1,800,000	5.50	17.00	120.00	110.00
WTI	28.00	27.50	2,000,000	5.30	16.60	116.00	106.00
Brent	28.50	28.00	1,900,000	5.60	17.20	122.00	112.00
WTI	29.00	28.50	2,100,000	5.40	16.80	118.00	108.00
Brent	29.50	29.00	2,000,000	5.70	17.40	124.00	114.00
WTI	30.00	29.50	2,200,000	5.50	17.00	120.00	110.00
Brent	30.50		2,100,000	5.80	17.60	126.00	116.00
WTI	31.00	30.50	2,300,000	5.60	17.20	122.00	112.00
Brent	31.50		2,200,000	5.90	17.80	128.00	118.00
WTI	32.00	31.50	2,400,000	5.70	17.40	124.00	114.00
Brent	32.50		2,300,000	6.00	18.00	130.00	120.00
WTI	33.00	32.50	2,500,000	5.80	17.60	126.00	116.00
Brent	33.50		2,400,000	6.10	18.20	132.00	122.00
WTI	34.00	33.50	2,600,000	5.90	17.80	128.00	118.00
Brent	34.50		2,500,000	6.20	18.40	134.00	124.00
WTI	35.00	34.50	2,700,000	6.00	18.00	130.00	120.00
Brent	35.50		2,600,000	6.30	18.60	136.00	126.00
WTI	36.00	35.50	2,800,000	6.10	18.20	132.00	122.00
Brent	36.50		2,700,000	6.40	18.80	138.00	128.00
WTI	37.00	36.50	2,900,000	6.20	18.40	134.00	124.00
Brent	37.50		2,800,000	6.50	19.00	140.00	130.00
WTI	38.00	37.50	3,000,000	6.30	18.60	136.00	126.00
Brent	38.50		2,900,000	6.60	19.20	142.00	132.00
WTI	39.00	38.50	3,100,000	6.40	18.80	138.00	128.00
Brent	39.50		3,000,000	6.70	19.40	144.00	134.00
WTI	40.00	39.50	3,200,000	6.50	19.00	140.00	130.00
Brent	40.50						

[illegible]

INTERNATIONAL INVESTING

Regulators Want Stock Message Boards to Help Fight Fraud

By Michelle Leder
New York Times Service

NEW YORK — With no sales, speak of a long string of losses and a tiny market capitalization of \$70.3 million, Imaginon Inc. is not the type of company many investors think twice about.

On the Internet, however, Imaginon is something of a celebrity. Every day, hundreds of people turn up the sites known as stock message boards, pondering the fate of the company, a software developer in San Carlos, California, that recently released its first products, including a Java-based Web browser.

In December and January, Imaginon postings on the Yahoo Finance board went from a few dozen a week to a few dozen a day to a few dozen an hour, with daily trading volume climbing from near zero to its current average of 1.84 million shares.

As stock message boards grow in popularity — well over 30,000 messages are posted on the four largest boards on a typical day — pressure is mounting on several fronts to rid the boards of people

who use them to illegally tout stocks and spread false information.

The Securities and Exchange Commission has defined such touting as lying about companies, lying about one's independence of a company or failing to adequately disclose the nature, source and amount of compensation one receives from a company.

As talk about Imaginon grew on the message boards, fueled by a reverse acquisition that the company completed Jan. 20, its stock price shot up from 41 cents a share in October to a high of \$15.25 in intraday trading Jan. 26; the stock closed at \$5.75 on Friday.

"It's gotten out of hand," said David Schwartz, chief executive of Imaginon, who attributes the volatility to the message-board chatter.

From time to time, Mr. Schwartz posts his own messages on Yahoo's board. Using the name IMON2nd and identifying himself as the chief executive, he says he tries to dispel the many rumors about the company.

At the end of January, only days after Mr. Schwartz had dismissed a rumor that

the company had signed a deal with America Online Inc., someone using the name G. Gekko, 1999 logged on, inquiring whether anyone had heard that Barron's, the financial weekly, was predicting that the stock would hit \$225 a share. (Barron's was not.)

Mr. Schwartz said he worried that the rumors and volatility were scaring away the long-term investors. "Our stock has been all over the map, and that doesn't do us any good in the long run," he said.

He is not alone in such concerns. To track down rampant abusers of the message boards, the SEC is increasing the number of subpoenas it issues to board operators, allowing it to try to tie a posting to an electronic-mail address. Through the commission declined to say how many subpoenas it was issuing, board operators say that they have become much more frequent and that the SEC is requiring a quicker response.

Companies fearing possible stock manipulation have raised their own complaints with securities regulators and board operators. But executives at the four largest boards — Yahoo Finance,

Silicon Investor, the Motley Fool and the Raging Bull — worry that in the frenzy to eliminate abuse, legitimate investors will face restrictions on what they can say on the boards.

"Anyone who looks at the boards knows that there's some manipulation involved," said Ethan Caldwell, the general counsel for Go2Net Inc., the Seattle-based parent of Silicon Investor, whose boards average 15,000 postings a day. "It's a double-edged sword, because the boards are a unique medium where the average investor can find out information. The flip side is that the stocks are subject to manipulation."

But distinguishing between manipulation and the innocuous musings of an enthusiastic investor can be difficult. Though rules vary from board to board, few messages are ever removed.

In fact, of the four largest board providers, only the Motley Fool even monitors its boards, never mind screening them for accuracy, which all four regard as impossible. Instead, the board providers rely heavily on self-policing, with participants complaining to the board op-

erator and the SEC when they think someone is trying to manipulate a stock. "We're just not going to censor to deal with a few fools," said John Scheibel, the director of government relations for Yahoo, who likens its role to that of a post office, where information is simply distributed.

On a typical day, the 8,445 message boards of Yahoo Finance — each devoted to a particular stock — receive tens of thousands of messages.

William Martin, a founder of Raging Bull, added, "We don't want to be fact-checkers." Since starting in June, the service has seen the number of messages triple, to 6,000 a day.

Much of the problem lies in the anonymity provided by the message boards. With little effort, people can create several identities on the boards and keep changing their names, often bouncing from board to board. If someone is suspected of manipulating a stock on a board, the SEC can issue subpoenas, but even if it can obtain a user's real e-mail address, investigators must still match the user's postings to sales activity.

Brierley Parts With Another Major Asset as It Seeks Revival

By Jonathan Underhill
Bloomberg News

WELLINGTON — Brierley Investments Ltd., a struggling investment group, is trying to revive its fortunes by selling major assets, something it ruled out doing less than a year ago.

Its latest move, selling its 65 percent stake in Sky City Ltd., New Zealand's biggest casino, comes only weeks after it sold another prize asset, its 24 percent stake in the Australian newspaper publisher John Fairfax Holdings Ltd.

Although the company needs the 428 million New Zealand dollars (\$323.2 million) from Sky City to reduce debt, Sky and Fairfax were two of five major assets it had said were not for sale as part of its efforts to raise profit and revive its share price.

"The Fairfax sale showed that

nothing is sacred," said Brian Stewart, investment manager at Colonial First State Investment Managers (NZ) Ltd. But, he said, Sky City "isn't the asset I would've sold — they really have got to sell Thistle," a reference to British-based Thistle Hotels PLC.

It still has that one, along with Air New Zealand Ltd., the nation's biggest airline, and the Australian building-materials maker James Hardie Ltd.

The airline, 42.5 percent owned by Brierley, is a harder asset to sell. Mr. Stewart said, because most of the holding is in the airline's Class A shares, which can be bought only by one of New Zealand's 3.8 million citizens.

Efforts to find a buyer for Brierley's 46 percent stake in Thistle's 46 percent stake in Thistle so far have failed. At its most recent price, that stake would be worth about \$337 million (\$549.1 million)

— half its value last June, when the stock was driven to a record high amid talk that three investors were jockeying to buy the company. Its shares plunged when the sale fell through.

"It's a huge dollop of capital that's been tied up there for quite a number of years now, and it's been a poor performer," Mr. Stewart said. "They've got to deal with Thistle at some point."

Thistle has shown a return of minus 12 percent, assuming reinvestment of dividends, since it began trading in October 1996. The shares are worth about 25 percent less than they were then.

Brierley's chairman and temporary chief executive, Selwyn Gush, threw doubt on any imminent sale last November when he said that a decision on whether to retain Brierley's biggest investment depended on the "estimated growth"

of the business. No one knows how long Thistle, or other "key" assets, will remain with Brierley. "They seem to be selling everything that can be sold," said Stephen Walker of AMP Asset Management New Zealand Ltd.

Sky City's prospects are still strong — it reported a better-than-expected 34 percent rise in first-half profit Monday — and Brierley stood to earn more by holding the stake, Mr. Walker said.

The sale surprised some investors, especially after the company said the sale of Fairfax for 600 million Australian dollars (\$381.3 million) had "completely restored" Brierley's financial health.

While the sales will eventually slash the company's debt level to 1.6 billion New Zealand dollars from 3.2 billion dollars, they have not provided the boost to the share price that the company may have hoped

for. Brierley, which is trading at about 34 percent below the net asset value estimated by some investors, has shown a return of minus 53 percent so far this financial year, while the Top 40 stock index has gained 19 percent.

On Monday the stock rose 1 cent to 46 New Zealand cents, compared with about 1.45 dollars in mid-1997. Camerion Group Bhd. of Malaysia, the company's biggest shareholder, with about 20 percent, bought into Brierley when the price was near that level.

"Is there a business case for Brierley to exist?" asked Mr. Stewart, adding that Brierley's founder, Ron Brierley, had set up his new investment company, Guinness Peat Group PLC, because he wanted a more nimble vehicle for his style of investing.

Guinness Peat has about half the market capitalization of Brierley.

Very briefly:

• ProSieben Media AG, a German commercial TV broadcaster, is one of the best stock market values among media companies trading on the Neuer Markt, some analysts say. The broadcaster's shares, overlooked in favor of smaller media-related stocks, have risen only 3.55 percent since ProSieben's initial public offering in July 1997, compared with a 35 percent gain for the Bloomberg Europe Media Index. The shares are now trading at a 40 percent discount to other broadcasters such as Italy's Mediaset SpA. Based on next year's projected price/earnings ratios, yet ProSieben's profit climbed 47 percent in 1998, and its advertising prospects look bright, analysts say.

• Nearly 30 percent of U.S. businesses plan to add workers in the April-June quarter, according to a survey by the nation's largest temporary staffing firm. In its quarterly survey of 16,000 U.S. businesses, Manpower Inc., based in Milwaukee, reported that only 6 percent of the businesses that responded said they plan to cut jobs, while 61 percent anticipate no change. The remaining 4 percent weren't sure, the survey said. The results suggest continued low unemployment.

• ABN-AMRO Holding NV, a Dutch bank, fired 30 people in its fixed-income department in New York last week to cut costs. The bank said the cuts were the result of a standard efficiency review undertaken each year.

• Taiwan will introduce measures to eliminate a housing glut and stimulate the stock market by lowering transaction taxes, the United Evening News reported.

Bloomberg, AP

Advertisement

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February 22, 1999

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<div><div>ASIAN EQUITY FUND (EQU)</div><div>Investment Objective: To invest in Asian equity securities. Fund Manager: Lyora Raab Assets Under Management: \$1,200,000,000 Net Asset Value: \$1.20 Dividend Yield: 1.20% Total Return: 1.20% Risk Rating: 1.20 Fund Type: Asian Equity Fund Fund Status: Open Fund Age: 1.20 Fund Size: 1.20 Fund Fees: 1.20 Fund Expenses: 1.20 Fund Performance: 1.20 Fund History: 1.20 Fund Facts: 1.20 Fund Documents: 1.20 Fund Information: 1.20 Fund Research: 1.20 Fund Analysis: 1.20 Fund Outlook: 1.20 Fund Summary: 1.20 Fund Details: 1.20 Fund Notes: 1.20 Fund Alerts: 1.20 Fund News: 1.20 Fund Events: 1.20 Fund Contacts: 1.20 Fund Website: 1.20 Fund Email: 1.20 Fund Phone: 1.20 Fund Fax: 1.20 Fund Address: 1.20 Fund City: 1.20 Fund State: 1.20 Fund Country: 1.20 Fund Zip: 1.20 Fund Postal: 1.20 Fund Postal2: 1.20 Fund Postal3: 1.20 Fund Postal4: 1.20 Fund Postal5: 1.20 Fund Postal6: 1.20 Fund Postal7: 1.20 Fund Postal8: 1.20 Fund Postal9: 1.20 Fund Postal10: 1.20 Fund Postal11: 1.20 Fund Postal12: 1.20 Fund Postal13: 1.20 Fund Postal14: 1.20 Fund Postal15: 1.20 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Fund Manager: Lyora Raab Assets Under Management: \$1,200,000,000 Net Asset Value: \$1.20 Dividend Yield: 1.20% Total Return: 1.20% Risk Rating: 1.20 Fund Type: Asian Equity Fund Fund Status: Open Fund Age: 1.20 Fund Size: 1.20 Fund Fees: 1.20 Fund Expenses: 1.20 Fund Performance: 1.20 Fund History: 1.20 Fund Facts: 1.20 Fund Documents: 1.20 Fund Information: 1.20 Fund Research: 1.20 Fund Analysis: 1.20 Fund Outlook: 1.20 Fund Summary: 1.20 Fund Details: 1.20 Fund Notes: 1.20 Fund Alerts: 1.20 Fund News: 1.20 Fund Events: 1.20 Fund Contacts: 1.20 Fund Website: 1.20 Fund Email: 1.20 Fund Phone: 1.20 Fund Fax: 1.20 Fund Address: 1.20 Fund City: 1.20 Fund State: 1.20 Fund Country: 1.20 Fund Zip: 1.20 Fund Postal: 1.20 Fund Postal2: 1.20 Fund Postal3: 1.20 Fund Postal4: 1.20 Fund Postal5: 1.20 Fund Postal6: 1.20 Fund Postal7: 1.20 Fund Postal8: 1.20 Fund Postal9: 1.20 Fund Postal10: 1.20 Fund Postal11: 1.20 Fund Postal12: 1.20 Fund Postal13: 1.20 Fund Postal14: 1.20 Fund Postal15: 1.20 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ASIA/PACIFIC

Steady Jobless Rate Stirs Fears in Hong Kong

Compiled by Our Staff From Dispatches

HONG KONG — Unemployment here held at the record level of 5.8 percent in the three months that ended in January, the government said Monday in a report offering a gloomy outlook for the Chinese New Year.

The Census and Statistics Department said 202,000 people were out of work in the November-January period, compared with 201,200 in October-December.

Joseph Wong, secretary for education and manpower, warned that there were no signs the situation would improve soon. Hong Kong's gross domestic product shrank 7 percent in the third quarter of 1998 and is believed to have contracted by 5 percent for all of last year.

Almost no one is predicting a quick recovery for it.

Union leaders warn that more people could be thrown out of work in the early phase of the Chinese New Year, when many companies traditionally review their books and lay off staff after giving them year-end bonuses.

"At present, it would probably be fair to say a lot more companies will be thinking of downsizing more than anything else," Tang Kwong-yi, a government economist, said.

The latest increase in the unemployment rate occurred mainly in the transport and manu-

facturing sectors, but this was offset by decreases in the decoration and maintenance and business-services sectors, the department reported.

For the November-January period, the total labor force was provisionally estimated at 3,451,000.

In recent months, big and small companies have cut jobs to reduce costs, and some have gone bankrupt. New World Telephone Group said this month it had dismissed 130 employees as it shifted some of its Hong Kong operations to Shenzhen across the border in mainland China, where labor costs are lower.

Still, the government said the actual number of people employed in Hong Kong had remained stable the past few months, with the rise in unemployment due to growth in the labor force from immigration and graduating students. Government job creation through the construction of new railways and roads will help reduce the jobless rate this year, it said.

Retail sales, however, fell in November for the 13th month in a row — bad news for this former shopping mecca because two-thirds of the economy depends on consumer spending.

"The retail figures are still very bad, even though there would be some improvement in the fourth quarter's GDP," said Thomas Mok,

an economist at Bank of East Asia in Hong Kong.

"We expect the situation to continue to deteriorate," he added.

Hong Kong people greet each Chinese New Year with wishes of prosperity, but with the new year — the Year of the Rabbit — less than a week old, prosperity doesn't seem to be in the cards as the territory struggles through its deepest recession in decades.

"Basically, the trend will continue," said Anthony Chan, chief regional economist at HSBC Securities.

Mr. Chan said unemployment may hit 6.5 percent by midyear — "emphasized by corporate downsizing at small and medium-sized enterprises."

Others say the jobless figures could hit 7 percent — or 240,000 people out of work — by year-end.

Labor activists echoed the dismal forecasts. Despite government job-enhancing projects, the absence of an insurance program specifically for the unemployed will probably cause a rise in poverty, they said.

"We don't need time; we need government commitment," said Mabel Au of Oxfam Hong Kong, which studies issues of poverty and unemployment. (AP, Reuters, Bloomberg)

Elections Called Key For Jakarta

Compiled by Our Staff From Dispatches

JAKARTA — The U.S. deputy Treasury secretary, Lawrence Summers, said Monday that Indonesian elections, planned for June, were a key to the country's future economic growth.

Summers must not underestimate "the importance the international community attaches to the conduct of the June elections," Mr. Summers said after meeting with President B.J. Habibie. The polls are "a key factor to instill greater confidence in Indonesia's economic future and restore the potential for rapid economic growth," he said.

Mr. Summers, who arrived here Sunday from Singapore, is on a five-nation Asian tour to assess the way the region is coping with its economic slowdown. Officials have said Mr. Summers had to go smoothly to assure foreign investors of Indonesia's political stability. The elections will be the first democratic voting in Indonesia since 1955.

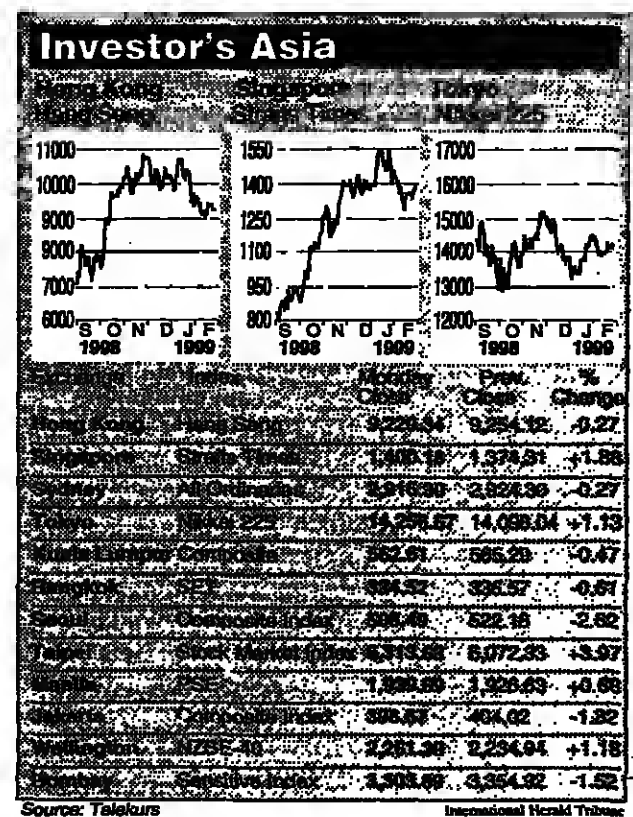
Mr. Summers also praised Indonesia's efforts at improving its financial stability but called for further steps to spur a return of investor confidence.

"There has been some progress in the past months on a number of issues relating to financial stability," he said, "though it's essential to make better progress."

Indonesia is grappling with its first recession in three decades and is banking on a \$49 billion aid package from the International Monetary Fund to help it recover.

It also recently embarked on a program to recapitalize its shattered banking system and is trying to put in place bankruptcy laws to revive interest among foreign investors.

Mr. Summers declined to specify an appropriate level for the rupiah, whose plunge in 1997 precipitated the country's economic crisis. The dollar was quoted at 8,914 rupiah Monday. (Bloomberg, AFP)



Very briefly:

• **Seyu Ltd.**, Japan's fifth biggest supermarket chain, is to post a loss for a second straight year, and is to sell a portion of its stake in Ryohin Keikaku Co. Seyu expects a parent-company net loss of 14 billion yen (\$115.5 million) for the year through February.

• **Sanwa Bank Ltd.** is to buy a 30 percent stake in the brokerage Universal Securities Ltd. from Daiwa Securities Ltd. The bank declined to disclose the price.

• **Pakistan** froze the accounts of Hub Power Co., the country's biggest power producer, for a second time this month, saying the company failed to pay about 2 billion rupees (\$47 million) in taxes, a Hub Power executive said.

• **China** has disciplined 1,273 local officials for imposing random fees on businesses, the official Xinhua news agency said. It said more than 18,000 cases of arbitrary levies had been dealt with.

• **Woolworths Ltd.**'s first-half profit rose 4 percent, to 187.5 million Australian dollars (\$119 million), but the earnings were below expectations as costs from setting up new distribution centers ate into profit.

• **Comalco Ltd.**, Australia's largest aluminum producer, said its second-half profit fell a worse-than-expected 12 percent after slumping aluminum prices. Earnings for the month ended Dec. 31 fell to 112.3 million Australian dollars from 128 million dollars. (Bloomberg, Reuters, AFP)

Nippon Trust Sees Loss Over Loan Write-Offs

Bloomberg News

TOKYO — Nippon Trust Bank Ltd., a subsidiary of Japan's largest lender, Bank of Tokyo-Mitsubishi Ltd., reversed its profit outlook Monday, saying it expected to post a loss in the year to March 31 as it writes off more bad loans than planned.

The smallest of Japan's seven major trust banks reversed its outlook to a loss of 84.5 billion yen (\$705 million) from an earlier forecast for a 500 million yen parent net profit.

The bank also reversed the forecast for its parent pretax results to a loss of 84 million yen from a 1 billion yen profit.

The net loss will be the fourth in the past five years as the bank continues to write off bad loans.

Nippon Trust and other lenders are writing off trillions of yen in bad

loans, many of which went sour as Japanese real estate prices plunged in the early 1990s.

"I came to the bank four years ago, and it finally looks like we are coming to the end of our bad assets problem," said President Tomoaki Hirano.

The bank said it would write off

about 100 billion yen in bad loans for the year, up from 17 billion yen originally planned.

It said it would raise 38.1 billion yen from the sale of 220 million new subordinated shares at 173 yen per share to Bank of Tokyo-Mitsubishi on March 15.

The bank said it planned to use

money raised to write off bad loans.

The sale will raise the number of Nippon Trust's outstanding subordinated shares to 500 million from 280 million.

Nippon Trust Bank rose 2 yen to 175, and Bank of Tokyo-Mitsubishi rose 15 yen to 1,400.

Committed to IMF, Thais to Sell 3 State Banks

Agence France-Press

BANGKOK — Thailand will sell three state banks this year under its commitments to the International Monetary Fund, the Central Bank of Thailand said Monday.

Bangkok Metropolitan Bank PCL, Siam City Bank Public Co. Ltd. and Radanasin Bank PCL are

expected to hit the market later in 1999, an assistant bank governor, Tarisa Wattana, said.

Mr. Wattana said the sale of the three banks had been delayed in the hope of getting a better price and to give potential buyers more time.

The government would sell 75 percent of its holdings in each bank

and would continue to hold 25 percent. The rest could be sold later.

Bangkok Metropolitan Bank and Siam City Bank were nationalized last year as part of comprehensive reforms to the banking sector, gutted by Thailand's economic crisis.

Radanasin Bank was set up last year with government capital.

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For information please contact:
Lyora Bank: Fax (33-1) 41 43 92 12 or e-mail: fund@lyora.com

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February 22, 1999
http://www.fund.com/INT/FUND/INT.html

114 MERRILL LYNCH ASSET MGMT. FUND	5.34	123 M&P INVESTMENT MANAGEMENT FUND	7.26	131 M&P INVESTMENT MANAGEMENT FUND	7.26
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136 MERRILL LYNCH ASSET MGMT. FUND	5.34	145 M&P INVESTMENT MANAGEMENT FUND	7.26	153 M&P INVESTMENT MANAGEMENT FUND	7.26
137 MERRILL LYNCH ASSET MGMT. FUND	5.34	146 M&P INVESTMENT MANAGEMENT FUND	7.26	154 M&P INVESTMENT MANAGEMENT FUND	7.26
138 MERRILL LYNCH ASSET MGMT. FUND	5.34	147 M&P INVESTMENT MANAGEMENT FUND	7.26	155 M&P INVESTMENT MANAGEMENT FUND	7.26
139 MERRILL LYNCH ASSET MGMT. FUND	5.34	148 M&P INVESTMENT MANAGEMENT FUND	7.26	156 M&P INVESTMENT MANAGEMENT FUND	7.26
140 MERRILL LYNCH ASSET MGMT. FUND	5.34	149 M&P INVESTMENT MANAGEMENT FUND	7.26	157 M&P INVESTMENT MANAGEMENT FUND	7.26
141 MERRILL LYNCH ASSET MGMT. FUND	5.34	150 M&P INVESTMENT MANAGEMENT FUND	7.26	158 M&P INVESTMENT MANAGEMENT FUND	7.26
142 MERRILL LYNCH ASSET MGMT. FUND	5.34	151 M&P INVESTMENT MANAGEMENT FUND	7.26	159 M&P INVESTMENT MANAGEMENT FUND	7.26
143 MERRILL LYNCH ASSET MGMT. FUND	5.34	152 M&P INVESTMENT MANAGEMENT FUND	7.26	160 M&P INVESTMENT MANAGEMENT FUND	7.26
144 MERRILL LYNCH ASSET MGMT. FUND	5.34	153 M&P INVESTMENT MANAGEMENT FUND	7.26	161 M&P INVESTMENT MANAGEMENT FUND	7.26
145 MERRILL LYNCH ASSET MGMT. FUND	5.34	154 M&P INVESTMENT MANAGEMENT FUND	7.26	162 M&P INVESTMENT MANAGEMENT FUND	7.26
146 MERRILL LYNCH ASSET MGMT. FUND	5.34	155 M&P INVESTMENT MANAGEMENT FUND	7.26	163 M&P INVESTMENT MANAGEMENT FUND	7.26
147 MERRILL LYNCH ASSET MGMT. FUND	5.34	156 M&P INVESTMENT MANAGEMENT FUND	7.26	164 M&P INVESTMENT MANAGEMENT FUND	7.26
148 MERRILL LYNCH ASSET MGMT. FUND	5.34	157 M&P INVESTMENT MANAGEMENT FUND	7.26	165 M&P INVESTMENT MANAGEMENT FUND	7.26
149 MERRILL LYNCH ASSET MGMT. FUND	5.34	158 M&P INVESTMENT MANAGEMENT FUND	7.26	166 M&P INVESTMENT MANAGEMENT FUND	7.26
150 MERRILL LYNCH ASSET MGMT. FUND	5.34	159 M&P INVESTMENT MANAGEMENT FUND	7.26	167 M&P INVESTMENT MANAGEMENT FUND	7.26
151 MERRILL LYNCH ASSET MGMT. FUND	5.34	160 M&P INVESTMENT MANAGEMENT FUND	7.26	168 M&P INVESTMENT MANAGEMENT FUND	7.26
152 MERRILL LYNCH ASSET MGMT. FUND	5.34	161 M&P INVESTMENT MANAGEMENT FUND	7.26	169 M&P INVESTMENT MANAGEMENT FUND	7.26
153 MERRILL LYNCH ASSET MGMT. FUND	5.34	162 M&P INVESTMENT MANAGEMENT FUND	7.26	170 M&P INVESTMENT MANAGEMENT FUND	7.26
154 MERRILL LYNCH ASSET MGMT. FUND	5.34	163 M&P INVESTMENT MANAGEMENT FUND	7.26	171 M&P INVESTMENT MANAGEMENT FUND	7.26
155 MERRILL LYNCH ASSET MGMT. FUND	5.34	164 M&P INVESTMENT MANAGEMENT FUND	7.26	172 M&P INVESTMENT MANAGEMENT FUND	7.26
156 MERRILL LYNCH ASSET MGMT. FUND	5.34	165 M&P INVESTMENT MANAGEMENT FUND	7.26	173 M&P INVESTMENT MANAGEMENT FUND	7.26
157 MERRILL LYNCH ASSET MGMT. FUND	5.34	166 M&P INVESTMENT MANAGEMENT FUND	7.26	174 M&P INVESTMENT MANAGEMENT FUND	7.26
158 MERRILL LYNCH ASSET MGMT. FUND	5.34	167 M&P INVESTMENT MANAGEMENT FUND	7.26	175 M&P INVESTMENT MANAGEMENT FUND	7.26
159 MERRILL LYNCH ASSET MGMT. FUND	5.34	168 M&P INVESTMENT MANAGEMENT FUND	7.26	176 M&P INVESTMENT MANAGEMENT FUND	7.26
160 MERRILL LYNCH ASSET MGMT. FUND	5.34	169 M&P INVESTMENT MANAGEMENT FUND	7.26	177 M&P INVESTMENT MANAGEMENT FUND	7.26
161 MERRILL LYNCH ASSET MGMT. FUND	5.34	170 M&P INVESTMENT MANAGEMENT FUND	7.26	178 M&P INVESTMENT MANAGEMENT FUND	7.26
162 MERRILL LYNCH ASSET MGMT. FUND	5.34	171 M&P INVESTMENT MANAGEMENT FUND	7.26	179 M&P INVESTMENT MANAGEMENT FUND	7.26
163 MERRILL LYNCH ASSET MGMT. FUND	5.34	172 M&P INVESTMENT MANAGEMENT FUND	7.26	180 M&P INVESTMENT MANAGEMENT FUND	7.26
164 MERRILL LYNCH ASSET MGMT. FUND	5.34	173 M&P INVESTMENT MANAGEMENT FUND	7.26	181 M&P INVESTMENT MANAGEMENT FUND	7.26
165 MERRILL LYNCH ASSET MGMT. FUND	5.34	174 M&P INVESTMENT MANAGEMENT FUND	7.26	182 M&P INVESTMENT MANAGEMENT FUND	7.26
166 MERRILL LYNCH ASSET MGMT. FUND	5.34	175 M&P INVESTMENT MANAGEMENT FUND	7.26	183 M&P INVESTMENT MANAGEMENT FUND	7.26
167 MERRILL LYNCH ASSET MGMT. FUND	5.34	176 M&P INVESTMENT MANAGEMENT FUND	7.26	184 M&P INVESTMENT MANAGEMENT FUND	7.26
168 MERRILL LYNCH ASSET MGMT. FUND	5.34	177 M&P INVESTMENT MANAGEMENT FUND	7.26	185 M&P INVESTMENT MANAGEMENT FUND	7.26
169 MERRILL LYNCH ASSET MGMT. FUND	5.34	178 M&P INVESTMENT MANAGEMENT FUND	7.26	186 M&P INVESTMENT MANAGEMENT FUND	7.26
170 MERRILL LYNCH ASSET MGMT. FUND	5.34	179 M&P INVESTMENT MANAGEMENT FUND	7.26	187 M&P INVESTMENT MANAGEMENT FUND	7.26
171 MERRILL LYNCH ASSET MGMT. FUND	5.34	180 M&P INVESTMENT MANAGEMENT FUND	7.26	188 M&P INVESTMENT MANAGEMENT FUND	7.26
172 MERRILL LYNCH ASSET MGMT. FUND	5.34	181 M&P INVESTMENT MANAGEMENT FUND	7.26	189 M&P INVESTMENT MANAGEMENT FUND	7.26
173 MERRILL LYNCH ASSET MGMT. FUND	5.34	182 M&P INVESTMENT MANAGEMENT FUND	7.26	190 M&P INVESTMENT MANAGEMENT FUND	7.26
174 MERRILL LYNCH ASSET MGMT. FUND	5.34	183 M&P INVESTMENT MANAGEMENT FUND	7.26	191 M&P INVESTMENT MANAGEMENT FUND	7.26
175 MERRILL LYNCH ASSET MGMT. FUND	5.34	184 M&P INVESTMENT MANAGEMENT FUND	7.26	192 M&P INVESTMENT MANAGEMENT FUND	7.26
176 MERRILL LYNCH ASSET MGMT. FUND	5.34	185 M&P INVESTMENT MANAGEMENT FUND	7.26	193 M&P INVESTMENT MANAGEMENT FUND	7.26
177 MERRILL LYNCH ASSET MGMT. FUND	5.34	186 M&P INVESTMENT MANAGEMENT FUND	7.26	194 M&P INVESTMENT MANAGEMENT FUND	7.26
178 MERRILL LYNCH ASSET MGMT. FUND	5.34	187 M&P INVESTMENT MANAGEMENT FUND	7.26	195 M&P INVESTMENT MANAGEMENT FUND	7.26
179 MERRILL LYNCH ASSET MGMT. FUND	5.34	188 M&P INVESTMENT MANAGEMENT FUND	7.26	196 M&P INVESTMENT MANAGEMENT FUND	7.26
180 MERRILL LYNCH ASSET MGMT. FUND	5.34	189 M&P INVESTMENT MANAGEMENT FUND	7.26	197 M&P INVESTMENT MANAGEMENT FUND	7.26
181 MERRILL LYNCH ASSET MGMT. FUND	5.34	190 M&P INVESTMENT MANAGEMENT FUND	7.26	198 M&P INVESTMENT MANAGEMENT FUND	7.26
182 MERRILL LYNCH ASSET MGMT. FUND	5.34	191 M&P INVESTMENT MANAGEMENT FUND	7.26	199 M&P INVESTMENT MANAGEMENT FUND	7.26
183 MERRILL LYNCH ASSET MGMT. FUND	5.34	192 M&P INVESTMENT MANAGEMENT FUND	7.26	200 M&P INVESTMENT MANAGEMENT FUND	7.26
184 MERRILL LYNCH ASSET MGMT. FUND	5.34	193 M&P INVESTMENT MANAGEMENT FUND	7.26	201 M&P INVESTMENT MANAGEMENT FUND	7.26
185 MERRILL LYNCH ASSET MGMT. FUND	5.34	194 M&P INVESTMENT MANAGEMENT FUND	7.26	202 M&P INVESTMENT MANAGEMENT FUND	7.26
186 MERRILL LYNCH ASSET MGMT. FUND	5.34	195 M&P INVESTMENT MANAGEMENT FUND	7.26	203 M&P INVESTMENT MANAGEMENT FUND	7.26
187 MERRILL LYNCH ASSET MGMT. FUND	5.34	196 M&P INVESTMENT MANAGEMENT FUND	7.26	204 M&P INVESTMENT MANAGEMENT FUND	7.26
188 MERRILL LYNCH ASSET MGMT. FUND	5.34	197 M&P INVESTMENT MANAGEMENT FUND	7.26	205 M&P INVESTMENT MANAGEMENT FUND	7.26
189 MERRILL LYNCH ASSET MGMT. FUND	5.34	198 M&P INVESTMENT MANAGEMENT FUND	7.26	206 M&P INVESTMENT MANAGEMENT FUND	7.26
190 MERRILL LYNCH ASSET MGMT. FUND	5.34	199 M&P INVESTMENT MANAGEMENT FUND	7.26	207 M&P INVESTMENT MANAGEMENT FUND	7.26
191 MERRILL LYNCH ASSET MGMT. FUND	5.34	200 M&P INVESTMENT MANAGEMENT FUND	7.26	208 M&P INVESTMENT MANAGEMENT FUND	7.26
192 MERRILL LYNCH ASSET MGMT. FUND	5.34	201 M&P INVESTMENT MANAGEMENT FUND	7.26	209 M&P INVESTMENT MANAGEMENT FUND	7.26
193 MERRILL LYNCH ASSET MGMT. FUND	5.34	202 M&P INVESTMENT MANAGEMENT FUND	7.26	210 M&P INVESTMENT MANAGEMENT FUND	7.26
194 MERRILL LYNCH ASSET MGMT. FUND	5.34	203 M&P INVESTMENT MANAGEMENT FUND	7.26	211 M&P INVESTMENT MANAGEMENT FUND	7.26
195 MERRILL LYNCH ASSET MGMT. FUND	5.34	204 M&P INVESTMENT MANAGEMENT FUND	7.26	212 M&P INVESTMENT MANAGEMENT FUND	7.26
196 MERRILL LYNCH ASSET MGMT. FUND	5.34	205 M&P INVESTMENT MANAGEMENT FUND	7.26	213 M&P INVESTMENT MANAGEMENT FUND	7.26
197 MERRILL LYNCH ASSET MGMT. FUND	5.34	206 M&P INVESTMENT MANAGEMENT FUND	7.26	214 M&P INVESTMENT MANAGEMENT FUND	7.26
198 MERRILL LYNCH ASSET MGMT. FUND	5.34	207 M&P INVESTMENT MANAGEMENT FUND	7.26	215 M&P INVESTMENT MANAGEMENT FUND	7.26
199 MERRILL LYNCH ASSET MGMT. FUND	5.34	208 M&P INVESTMENT MANAGEMENT FUND	7.26	216 M&P INVESTMENT MANAGEMENT FUND	7.26
200 MERRILL LYNCH ASSET MGMT. FUND	5.34	209 M&P INVESTMENT MANAGEMENT FUND	7.26	217 M&P INVESTMENT MANAGEMENT FUND	7.26
201 MERRILL LYNCH ASSET MGMT. FUND	5.34	210 M&P INVESTMENT MANAGEMENT FUND	7.26	218 M&P INVESTMENT MANAGEMENT FUND	7.26
202 MERRILL LYNCH ASSET MGMT. FUND	5.34	211 M&P INVESTMENT MANAGEMENT FUND	7.26	219 M&P INVESTMENT MANAGEMENT FUND	7.26
203 MERRILL LYNCH ASSET MGMT. FUND	5.34	212 M&P INVESTMENT MANAGEMENT FUND	7.26	220 M&P INVESTMENT MANAGEMENT FUND	7.26
204 MERRILL LYNCH ASSET MGMT. FUND	5.34	213 M&P INVESTMENT MANAGEMENT FUND	7.26	221 M&P INVESTMENT MANAGEMENT FUND	7.26
205 MERRILL LYNCH ASSET MGMT. FUND	5.34	214 M&P INVESTMENT MANAGEMENT FUND	7.26	222 M&P INVESTMENT MANAGEMENT FUND	7.26
206 MERRILL LYNCH ASSET MGMT. FUND	5.34	215 M&P INVESTMENT MANAGEMENT FUND	7.26	223 M&P INVESTMENT MANAGEMENT FUND	7.26
207 MERRILL LYNCH ASSET MGMT. FUND	5.34	216 M&P INVESTMENT MANAGEMENT FUND	7.26	224 M&P INVESTMENT MANAGEMENT FUND	7.26
208 MERRILL LYNCH ASSET MGMT. FUND	5.34	217 M&P INVESTMENT MANAGEMENT FUND	7.26	225 M&P INVESTMENT MANAGEMENT FUND	7.26
209 MERRILL LYNCH ASSET MGMT. FUND	5.34	218 M&P INVESTMENT MANAGEMENT FUND	7.26	226 M&P INVESTMENT MANAGEMENT FUND	7.26
210 MERRILL LYNCH ASSET MGMT. FUND	5.34	219 M&P INVESTMENT MANAGEMENT FUND	7.26	227 M&P INVESTMENT MANAGEMENT FUND	7.26
211 MERRILL LYNCH ASSET MGMT. FUND	5.34	220 M&P INVESTMENT MANAGEMENT FUND	7.26	228 M&P INVESTMENT MANAGEMENT FUND	7.26
212 MERRILL LYNCH ASSET MGMT. FUND	5.34	221 M&P INVESTMENT MANAGEMENT FUND	7.26	229 M&P INVESTMENT MANAGEMENT FUND	7.26
213 MERRILL LYNCH ASSET MGMT. FUND	5.34	222 M&P INVESTMENT MANAGEMENT FUND	7.26	230 M&P INVESTMENT MANAGEMENT FUND	7.26
214 MERRILL LYNCH ASSET MGMT. FUND	5.34	223 M&P INVESTMENT MANAGEMENT FUND	7.26	231 M&P INVESTMENT MANAGEMENT FUND	7.26
215 MERRILL LYNCH ASSET MGMT. FUND	5.34	224 M&P INVESTMENT MANAGEMENT FUND	7.26	232 M&P INVESTMENT MANAGEMENT FUND	7.26
216 MERRILL LYNCH ASSET MGMT. FUND	5.34	225 M&P INVESTMENT MANAGEMENT FUND	7.26	233 M&P INVESTMENT MANAGEMENT FUND	7.26
217 MERRILL LYNCH ASSET MGMT. FUND	5.34	226 M&P INVESTMENT MANAGEMENT FUND	7.26	234 M&P INVESTMENT MANAGEMENT FUND	7.26
218 MERRILL LYNCH ASSET MGMT. FUND	5.34	227 M&P INVESTMENT MANAGEMENT FUND	7.26	235 M&P INVESTMENT MANAGEMENT FUND	7.26
219 MERRILL LYNCH ASSET MGMT. FUND	5.34	228 M&P INVESTMENT MANAGEMENT FUND	7.26	236 M&P INVESTMENT MANAGEMENT FUND	7.26
220 MERRILL LYNCH ASSET MGMT. FUND	5.34	229 M&P INVESTMENT MANAGEMENT FUND	7.26	237 M&P INVESTMENT MANAGEMENT FUND	7.26
221 MERRILL LYNCH ASSET MGMT. FUND	5.34	230 M&P INVESTMENT MANAGEMENT FUND	7.26	238 M&P INVESTMENT MANAGEMENT FUND	7.26
222 MERRILL LYNCH ASSET MGMT. FUND	5.34	231 M&P INVESTMENT MANAGEMENT FUND	7.26	239 M&P INVESTMENT MANAGEMENT FUND	7.26
223 MERRILL LYNCH ASSET MGMT. FUND	5.34	232 M&P INVESTMENT MANAGEMENT FUND	7.26	240 M&P INVESTMENT MANAGEMENT FUND	7.26
224 MERRILL LYNCH ASSET MGMT. FUND	5.34	233 M&P INVESTMENT MANAGEMENT FUND	7.26	241 M&P INVESTMENT MANAGEMENT FUND	7.26
225 MERRILL LYNCH ASSET MGMT. FUND	5.34	234 M&P INVESTMENT MANAGEMENT FUND	7.26	242 M&P INVESTMENT MANAGEMENT FUND	7.26
226 MERRILL LYNCH ASSET MGMT. FUND	5.34	235 M&P INVESTMENT MANAGEMENT FUND	7.26	243 M&P INVESTMENT MANAGEMENT FUND	7.26
227 MERRILL LYNCH ASSET MGMT. FUND	5.34	236 M&P INVESTMENT MANAGEMENT FUND	7.26	244 M&P INVESTMENT MANAGEMENT FUND	7.26
228 MERRILL LYNCH ASSET MGMT. FUND	5.34	237 M&P INVESTMENT MANAGEMENT FUND	7.26	245 M&P INVESTMENT MANAGEMENT FUND	7.26
229 MERRILL LYNCH ASSET MGMT. FUND	5.34	238 M&P INVESTMENT MANAGEMENT FUND	7.26	246 M&P INVESTMENT MANAGEMENT FUND	7.26
230 MERRILL LYNCH ASSET MGMT. FUND	5.34	239 M&P INVESTMENT MANAGEMENT FUND	7.26	247 M&P INVESTMENT MANAGEMENT FUND	7.26
231 MERRILL LYNCH ASSET MGMT. FUND	5.34	240 M&P INVESTMENT MANAGEMENT FUND	7.26	248 M&P INVESTMENT MANAGEMENT FUND	7.26
232 MERRILL LYNCH ASSET MGMT. FUND	5.34	241 M&P INVESTMENT MANAGEMENT FUND	7.26	249 M&P INVESTMENT MANAGEMENT FUND	7.26
233 MERRILL LYNCH ASSET MGMT. FUND	5.34	242 M&P INVESTMENT MANAGEMENT FUND	7.26	250 M&P INVESTMENT MANAGEMENT FUND	7.26
234 MERRILL LYNCH ASSET MGMT. FUND	5.34	243 M&P INVESTMENT MANAGEMENT FUND	7.26	251 M&P INVESTMENT MANAGEMENT FUND	7.26
235 MERRILL LYNCH ASSET MGMT. FUND	5.34	244 M&P INVESTMENT MANAGEMENT FUND	7.26	252 M&P INVESTMENT MANAGEMENT FUND	7.26
236 MERRILL LYNCH ASSET MGMT. FUND	5.34	245 M&P INVESTMENT MANAGEMENT FUND	7.26	253 M&P INVESTMENT MANAGEMENT FUND	7.26
237 MERRILL LYNCH ASSET MGMT. FUND	5.34	246 M&P INVESTMENT MANAGEMENT FUND	7.26	254 M&P INVESTMENT MANAGEMENT FUND	7.26
238 MERRILL LYNCH ASSET MGMT. FUND	5.34	247 M&P INVESTMENT MANAGEMENT FUND	7.26	255 M&P INVESTMENT MANAGEMENT FUND	7.26
239 MERRILL LYNCH ASSET MGMT. FUND	5.34	248 M&P INVESTMENT MANAGEMENT FUND	7.26	256 M&P INVESTMENT MANAGEMENT FUND	7.26
240 MERRILL LYNCH ASSET MGMT. FUND	5.34	249 M&P INVESTMENT MANAGEMENT FUND	7.26	257 M&P INVESTMENT MANAGEMENT FUND	7.26
241 MERRILL LYNCH ASSET MGMT. FUND	5.34	250 M&P INVESTMENT MANAGEMENT FUND	7.26	258 M&P INVESTMENT MANAGEMENT FUND	7.26
242 MERRILL LYNCH ASSET MGMT. FUND	5.34	251 M&P INVESTMENT MANAGEMENT FUND	7.26	259 M&P INVESTMENT MANAGEMENT FUND	7.26
243 MERRILL LYNCH ASSET MGMT. FUND	5.34	252 M&P INVESTMENT MANAGEMENT FUND	7.26	260 M&P INVESTMENT MANAGEMENT FUND	7.26
244 MERRILL LYNCH ASSET MGMT. FUND	5.34	253 M&P INVESTMENT MANAGEMENT FUND	7.26	261 M&P INVESTMENT MANAGEMENT FUND	7.26
245 MERRILL LYNCH ASSET MGMT. FUND	5.34	254 M&P INVESTMENT MANAGEMENT FUND	7.26	262 M&P INVESTMENT MANAGEMENT FUND	7.26
246 MERRILL LYNCH ASSET MGMT. FUND	5.34	255 M&P INVESTMENT MANAGEMENT FUND	7.26	263 M&P INVESTMENT MANAGEMENT FUND	7.26
247 MERRILL LYNCH ASSET MGMT. FUND	5.34	256 M&P INVESTMENT MANAGEMENT FUND	7.26	264 M&P INVESTMENT MANAGEMENT FUND	7.26
248 MERRILL LYNCH ASSET MGMT. FUND	5.34	257 M&P INVESTMENT MANAGEMENT FUND	7.26	265 M&P INVESTMENT MANAGEMENT FUND	7.26
249 MERRILL LYNCH ASSET MGMT. FUND	5.34	258 M&P INVESTMENT MANAGEMENT FUND	7.26	266 M&P INVESTMENT MANAGEMENT FUND	7.26
250 MERRILL LYNCH ASSET MGMT. FUND	5.34	259 M&P INVESTMENT MANAGEMENT FUND	7.26	267 M&P INVESTMENT MANAGEMENT FUND	7.26
251 MERRILL LYNCH ASSET MGMT. FUND	5.34	260 M&P INVESTMENT MANAGEMENT FUND	7.26	268 M&P INVESTMENT MANAGEMENT FUND	7.26
252 MERRILL LYNCH ASSET MGMT. FUND	5.34	261 M&P INVESTMENT MANAGEMENT FUND	7.26	269 M&P INVESTMENT MANAGEMENT FUND	7.26
253 MERRILL LYNCH ASSET MGMT. FUND	5.34	262 M&P INVESTMENT MANAGEMENT FUND	7.26	270 M&P INVESTMENT MANAGEMENT FUND	7.26
254 MERRILL LYNCH ASSET MGMT. FUND	5.34	263 M&P INVESTMENT MANAGEMENT FUND	7.26	271 M&P INVESTMENT MANAGEMENT FUND	7.26
255 MERRILL LYNCH ASSET MGMT. FUND	5.34	264 M&P INVESTMENT MANAGEMENT FUND	7.26	272 M&P INVESTMENT MANAGEMENT FUND	7.26
256 MERRILL LYNCH ASSET MGMT. FUND	5.34	265 M&P INVESTMENT MANAGEMENT FUND	7.26	273 M&P INVESTMENT MANAGEMENT FUND	7.26
257 MERRILL LYNCH ASSET MGMT. FUND	5.34	266 M&P INVESTMENT MANAGEMENT FUND	7.26	274 M&P INVESTMENT MANAGEMENT FUND	7.26

Detroit's 64 Points Is Lowest-Ever Team Total

UCLA (19-7) led by six points early in the second half before its press forced several turnovers that resulted in a 10-0 run. The Orangemen (18-9) never got closer than 10 points the rest of the way. The freshman JaRon Rush scored a season-high 23 points and played a key role

No. 20 Indiana 73, Michigan 71 Luke Recker made 22 of 25 foul shots and Indiana won at home. Recker had 24 points and Larry Richardson had 18 points and 12 rebounds for the Hoosiers.

only a pair of top-30 finishes in the last two races to clinch the title. Meissnitzer, who led after the first run, also has a chance to win the seasonal downhill and super-G titles.

Wachner, racing on one of her favorite hills where she clinched the 1994 World Cup giant slalom first, finished second in 2:13.62. Andrine Flemmen of Norway, the silver medalist ahead of Wachner in the World Championships

Norwiches 4, Islanders 1 Jeff O'Neill scored for the second time in as many days since returning from a neck injury, and Carolina beat the visiting New York Islanders. O'Neill's goal helped Carolina score three times in the opening 16 minutes.

Rangers 2, Oilers 1 Eric Lacroix scored his first goal of the season 45 seconds into overtime to give the New

UCLA (19-7) led by six points early in the second half before its press forced several turnovers. The Bruins' defense was the difference in the game. The Orange (18-9) never got closer than 10 points the rest of the way. The freshman JaRon Rush scored a season-high 23 points and played a key role in the victory.

Wachter, racing on one of her favorite trails, where she clinched the 1994 World Championships title, finished second in 2:13.62. Audrine Flemmen of Norway, the silver medalist ahead of Wachter in the World Championships

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

SPORTS

Els Overtakes Tryba to Win Nissan Open

By John Strege
New York Times Service

PACIFIC PALISADES, California — Ernie Els issued a stern reminder that golf is not the two-man game that it ostensibly has become.

Els, making his 1999 U.S. PGA Tour debut, outplayed Tiger Woods and David Duval and overtook the third-round leader, Ted Tryba, on Sunday to win the Nissan Open by two strokes. He closed with a three-under-par round of 68 at the Riviera Country Club. Woods and Tryba both bogeyed the 18th hole and finished tied for second with Davis Love. Duval finished in a tie for fifth.

Els was married on New Year's Eve and has played only three events since, two in his native South Africa and one in Australia. He won the South African PGA Championship, but otherwise had become the forgotten man in the wake of the blossoming Duval-Woods rivalry.

"I'm still a bit behind the times, especially behind David," Els said. "I would like to think of myself as maybe No. 3 at the moment." Els's victory was the sixth in his career on the PGA Tour. It was worth \$504,000.

In 1995 at the PGA Championship at Riviera, Els took a 3-stroke lead into the final round, shot 72 and finished third behind Steve Elkington and Colin Montgomerie.

Els, a two-time U.S. Open champion, began the final round two strokes behind Tryba and tied with Woods and Love for second. Duval began play four strokes behind Tryba. Duval shot a 69, but never threatened the lead. Woods shot a 70 and came to the 18th hole with a chance to tie after Els had bogeyed the hole in front of him by missing a 4-foot putt.

Woods drove the ball in the fairway, but lost his approach shot to the right. The ball rolled down behind a concession stand, effectively ending his chances.



Carlos Llamasa of the U.S. heading the ball over Chile's Reinaldo Navia.

Young U.S. Team Wins

Veteran Dooley Bids Adieu With Chile Victory

New York Times Service

FORT LAUDERDALE, Florida — Thomas Dooley got a close look at the future of U.S. soccer, even as he was bidding farewell to international competition. From what the 37-year-old defender could see, his team is on the upswing.

"We're definitely doing things the right way," said Dooley, who played his 81st and final international match for the United States on Sunday in a 2-1 victory over Chile. "There's a lot of young talent here, a lot of depth. It just takes time."

Every U.S. starter was under 30 except for Dooley. Of the 22 players on the roster, 17 have played five or fewer matches for the U.S. team.

Ben Olsen, 21, the youngest player on the U.S. team, opened the scoring in the 58th minute of his international debut.

Roberto Carlos boomed a shot past goalie Tom Presthus in the 64th minute to level the score. A minute later, a shot by Eddie Lewis ricocheted off defender Pablo Contreras for the game-winner. It was Lewis's first international goal.

Roma Helps Itself and a Rival

Draw With Fiorentina Assures Lazio of Solo Perch Atop Serie A

Reuters

AS Roma helped its bitter local rival, Lazio, when it drew, 0-0, at Fiorentina.

The result, in a late game Sunday night, left Lazio, which won earlier in the day, alone at the top of Serie A for the first time since October 1974.

Roma, which lies in eighth place, 13 points behind Lazio, may not be able to win the league title, but it gave a lift to its home city with its play in Florence.

In the streets of Rome on Sunday night, Lazio fans sang a hit of the 1980s, written to celebrate Roma's 1983 league championship: "Grazie, Roma."

Roma outplayed Fiorentina and would have claimed its first away victory since April 1998 if not for the excellent goalkeeping of Francesco Toldo and the sturdy goal posts.

Paolo Sergio hit the post in the first half, and Toldo, playing his 300th match in Serie A, saved bravely at the feet of Damiano Tommasi and Sergio's teammate, Paolo Junior, in the second half. When Aldo's last-minute header finally found Toldo out of position, Anselmo Robbioni cleared the ball off the line.

Without Gabriel Batistuta, who had scored 18 goals in 20 matches before twisting knee ligaments two weeks ago, Fiorentina has failed to score in 277 minutes of Serie A play.

Not even the return of Edmundo could make up for the absence of Batistuta. The Brazilian, whose refusal to postpone a trip to Carnival in Rio de Janeiro after Batistuta's injury earned the wrath of players and fans, had a chance to redeem himself with the last kick of the first half.

But with the goal at his mercy, Edmundo's shot hit the top of a defender's head and sailed over the net.

Brazil's Chibs in Brazil are also counting the costs of Carnival. After Palmeiras struggled to overcome a modest opponent in the Brazilian Cup, Luiz Felipe Scolari, the team's coach, said his players were overweight.

"The players are two and three kilos too heavy, and if you add that up it makes our team 15 to 20 kilos overweight," he said.

The club distributed a list of the players with their current weights and ideal weights. The biggest offender, according to the list, was the midfielder Rogerio, overweight by 4.5 kilograms (10 pounds). "When they come back from Carnival, they think it's acceptable because it's Carnival," Scolari said. "Then it's Easter, they eat a lot of chocolate, and they think that's all right as well."

The Brazilian Cup is a knockout contest which, in the early stages, pits top clubs such as Palmeiras against opponents from remote parts of the country.

Palmeiras fell behind in the ninth minute to the unrated Sao Raimundo, from the Amazon rain forest, turning the game around only after Nailton, the Sao Raimundo goalkeeper, banged his head against the crossbar making a save and had to leave the game. Palmeiras then scored three goals in the last 20 minutes against his replacement to win, 3-1.

ARGENTINA A players' strike prevented any action in the Clausura, or closing championship, which had been set to start Feb. 13.

The players are protesting a court order that has suspended the second and third divisions because of repeated trouble with fan violence.

The top-division players say they are striking in solidarity with their lower-division colleagues. They will play, however, in South Africa's club competition — the Libertadores Cup — and in national team matches.

Spain's Atletico Madrid discovered Monday that Fernando Correa, its top scorer, would miss the rest of the season with a broken fibula and ligament damage.

Atletico is already without Correa's strike partner, Kiko Narvaez, for the rest of the season after recent operations on his ankles.

Correa was injured in a tackle by Agustín Aranzabal, Real Sociedad's Spanish international defender, Sunday in a match won by Real, 3-2.

The Uruguayan-born striker is Atletico's leading scorer this season, with eight goals.

Northern Ireland Pursues Catholic Fans

The Associated Press

BELFAST — Northern Ireland soccer administrators said they had launched a campaign to stamp out sectarian chanting at the national team's home games. The campaign is part of an attempt to persuade more Northern Ireland Catholics to watch the team play.

Anti-Catholic chanting has long been common at Northern Ireland matches at Windsor Park stadium in Belfast.

The campaign follows a poll that showed that only 20 percent of Cath-

olics would watch Northern Ireland play if it qualified again for the World Cup.

"Clearly the singing of Unionist songs is a deterrent to non-Unionists going to Windsor Park," said David Bowen, the secretary general of the Northern Irish Football Association.

"I would love to see the day when thousands of Catholics and Protestants filled Windsor Park for Northern Ireland matches," Bowen said. "When people stop throwing stones and shouting on the streets, it will stop in the football grounds."

SCOREBOARD

ICE HOCKEY

NHL STANDINGS

NATIONAL HOCKEY LEAGUE

ATLANTIC DIVISION

Team	W	L	T	Pts
Philadelphia	30	14	12	72
New Jersey	31	20	9	71
Pittsburgh	28	18	12	68
N.Y. Rangers	23	27	7	53
N.Y. Islanders	18	34	7	43

NORTHEAST DIVISION

Team	W	L	T	Pts
Florida	27	22	13	67
Tampa Bay	27	21	11	65
Boston	23	24	9	55
Montreal	23	28	9	54

CENTRAL DIVISION

Team	W	L	T	Pts
St. Louis	22	21	10	54
Washington	23	25	5	51
Chicago	16	35	4	31

PACIFIC DIVISION

Team	W	L	T	Pts
Colorado	29	21	7	65
Edmonton	24	26	9	57
Vancouver	18	32	7	43

SOUTHERN DIVISION

Team	W	L	T	Pts
San Jose	25	20	13	63
Phoenix	24	22	12	60
Los Angeles	21	25	12	54

BASKETBALL

NBA STANDINGS

NATIONAL BASKETBALL ASSOCIATION

ATLANTIC DIVISION

Team	W	L	Pct
Orlando	8	2	.800
Atlanta	6	3	.667
New York	6	3	.667
Washington	4	4	.500
Philadelphia	4	5	.444
Boston	3	5	.375
Charlotte	2	7	.222

CENTRAL DIVISION

Team	W	L	Pct
Indiana	7	3	.700
Albany	6	3	.667
Cleveland	5	3	.625
Memphis	5	3	.625
Chicago	4	4	.500
Toronto	3	5	.375
Charlotte	1	7	.125
Chicago	1	8	.111

PACIFIC DIVISION

Team	W	L	Pct
Utah	7	2	.778
Minnesota	7	2	.778
Portland	6	4	.600
San Antonio	5	5	.500
Dallas	2	8	.200
Denver	1	8	.111

SOUTHERN DIVISION

Team	W	L	Pct
Seattle	7	2	.778
Portland	6	4	.600
Los Angeles	6	4	.600
Phoenix	5	4	.556
Sacramento	5	4	.556
L.A. Clippers	0	7	.000

U.S. COLLEGE SCORES

FOOTBALL

MAJOR COLLEGE FOOTBALL

MAJOR COLLEGE FOOTBALL

Team	W	L	T
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0

U.S. COLLEGE SCORES

FOOTBALL

MAJOR COLLEGE FOOTBALL

MAJOR COLLEGE FOOTBALL

Team	W	L	T
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0

U.S. COLLEGE SCORES

FOOTBALL

MAJOR COLLEGE FOOTBALL

MAJOR COLLEGE FOOTBALL

Team	W	L	T
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0

U.S. COLLEGE SCORES

FOOTBALL

MAJOR COLLEGE FOOTBALL

MAJOR COLLEGE FOOTBALL

Team	W	L	T
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0

U.S. COLLEGE SCORES

FOOTBALL

MAJOR COLLEGE FOOTBALL

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Team	W	L	T
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0

U.S. COLLEGE SCORES

FOOTBALL

MAJOR COLLEGE FOOTBALL

MAJOR COLLEGE FOOTBALL

Team	W	L	T
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0
Alabama	10	0	0
Georgia	10	0	0
Florida	10	0	0
South Carolina	10	0	0
Arkansas	10	0	0
Mississippi State	10	0	0

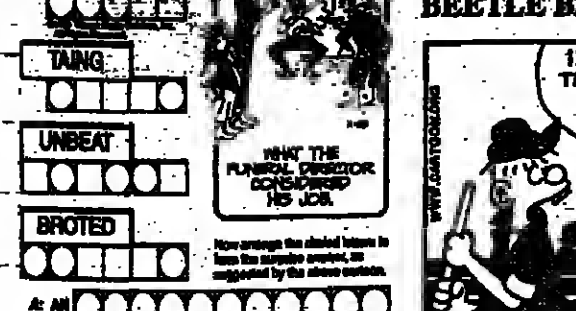
DENNIS THE MENACE



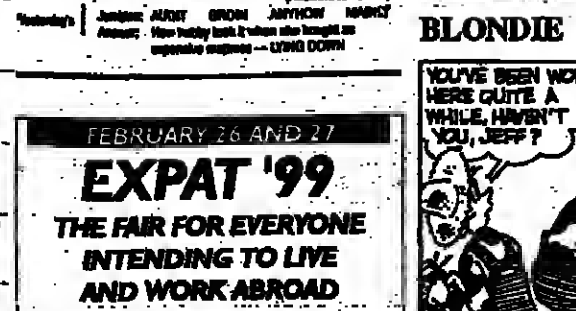
PEANUTS



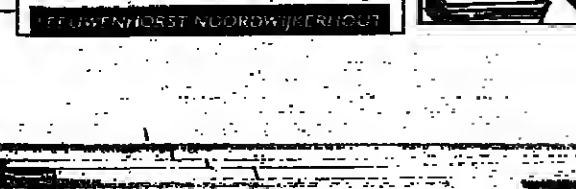
GARFIELD



BEEBLE BAILEY



BLONDIE



CALVIN AND HOBBS



WIZARD OF ID



NON SEQUITUR



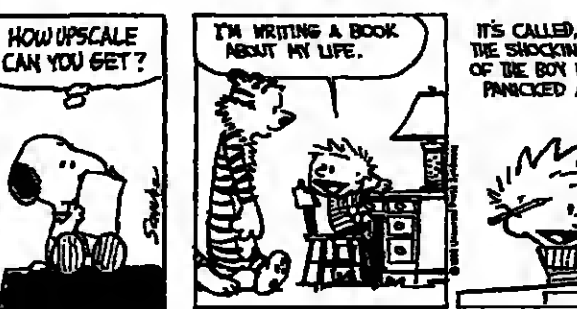
DOONESBURY



THE EARLY WARNING LEGAL DEFENSE SYSTEM



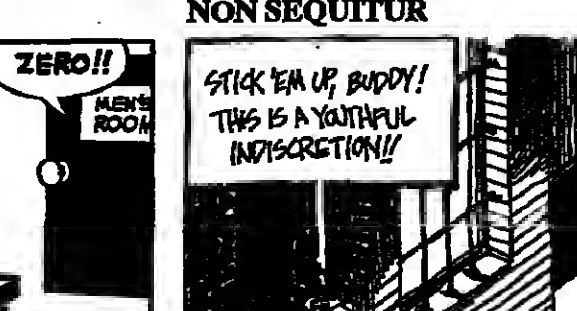
THE AP MEN'S TOP 25



THE AP MEN'S TOP 25



THE AP MEN'S TOP 25



ART BUCHWALD

The Next Big Scandal

NEW YORK — It's over, make no mistake about it — it's over. It's over for Larry King and Geraldo Rivera. It's over for Pat Buchanan and Robert Novak and all the TV lawyers and White House spin doctors and House prosecutors and newspaper headline writers — over and out.

The question is, "What do we do now?" We can't just sit around with no president to impeach.

We have to come up with a scandal. Maybe not one as big as trying to impeach the president of the United States, but at the same time something that will feed the country's appetite for bad news — 24 hours a day.

What about the volleyball scandal? Don't tell me you haven't heard about the fixed games in volleyball? It has now come out that certain Far Eastern teams have been lowering the net without the knowledge of the other side. And if that isn't enough, Fidel Castro was caught putting helium in Cuba's volleyball instead of pure air. It's not as big as Whitewater, but Geraldo could coast on it.



Buchwald

How about the break-in of the Miss America Headquarters at Trump Towers by a team of former Nixon second-story artists? We don't know what they were looking for, but they were caught red-handed trying on bathing suits from the beauty contest.

Maybe this is not the stuff that the American people are used to when it comes to big-time scandal, but it will have to do until the hot news breaks.

We who live by scandal die by scandal. This country was conceived in shock and thrives on it.

So what will happen to the major players in the Clinton misunderstanding? These are my predictions:

Linda Tripp will get a job with the telephone company telling people on tape that they have the wrong number.

Monica Lewinsky will be signed up as Revlon Model of the Year. She will appear on the cover of Vogue magazine, posing in the very grand jury room where she testified.

Vernon Jordan will become assistant secretary of labor, dealing with unemployment problems in the country.

Everyone will live happily ever after, except Ken Starr, who will put up his own money to prosecute minor figures in Whitewater.

Voice of the Titanic Is Heard Again

The Associated Press

ST. PAUL, Minnesota — The voice of the Titanic, silenced for nearly 87 years, boomed deep and steady as one of the ship's bronze whistles recovered from the ocean floor was sounded twice.

Thousands of people in the streets responded with cheers, applause and whistles after the 10-second blasts, which occurred about two minutes apart shortly after 4 P.M. on Saturday. The whistle-sounding ceremony was held outside the old Union Depot where other artifacts from the Titanic are on display.

A local promoter, Erich Mische, said his research showed that the last time one of the Titanic's whistles was heard was 12:15 A.M., April 15, 1912, after the liner hit the iceberg.

From Out of Purgatory, a French Musical Hit

By Joan Dupont
International Herald Tribune

PARIS — "Les Huissiers," a title that hisses, which is not really a good omen in the theater, is a surprise hit. Call it political opera, a musical or tragicomedy, the play written by Michel Vinaver in 1957 exposes the lies and face-saving flounders of French ministers during the Algerian War.

A chorus of five *huissiers*, or ushers, line up in a row, like sleek crows cawing out comments on the machinations of their masters.

"They deliver their lines in rapid fire, without a lapse, the tempo is within the line," the playwright explained. "This contributes to the impression of faux mixed with hyperrealism. Yet from the trompe l'oeil sets to the costumes and music, everything is authentic '50s."

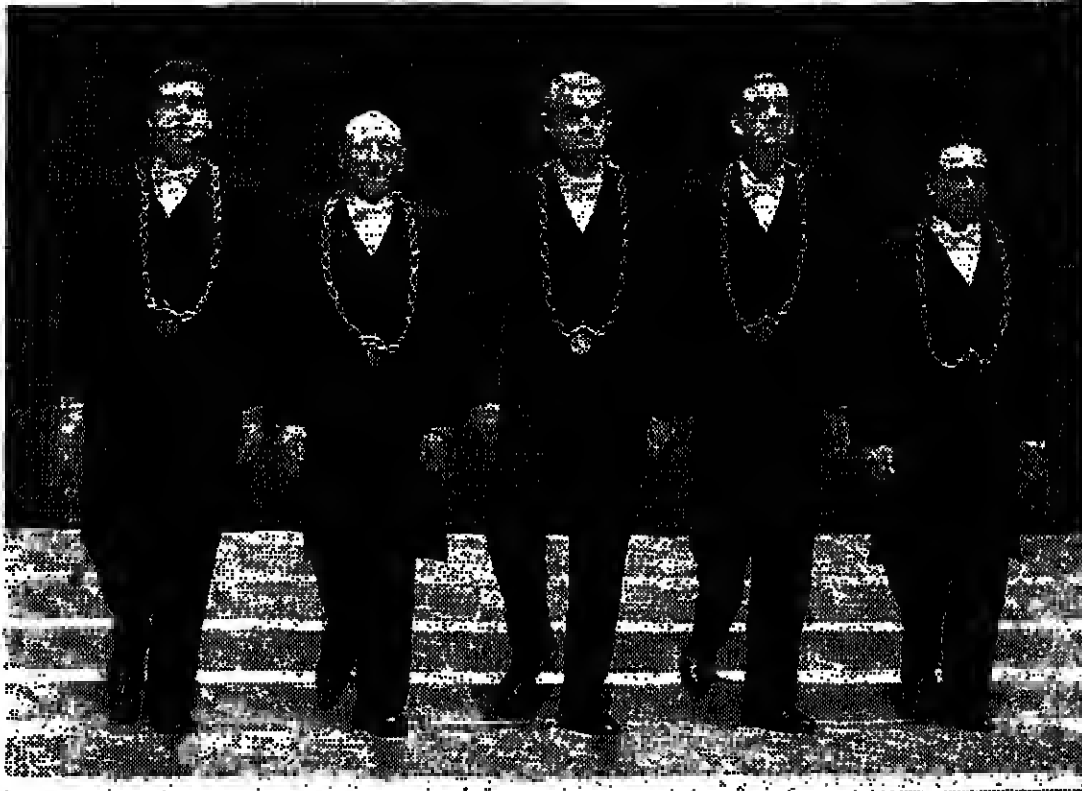
It took 23 years before the piece was staged, 20 more for it to triumph in a new version, directed by Alain Francon at the Theatre de la Colline (through Feb. 28). In this comic-cruel montage of current events from the past, French audiences find timely echoes of the contaminated blood scandal and the Elf-Aquitaine imbroglio. "The audience brings the play up to date — that's the best verdict you can give a work that is no longer new, yet not a classic," Vinaver said. "There's always a period of purgatory for a play, perhaps 40 years was just right."

Vinaver's first play, "Les Corcorans," written in 1955, was set during the Korean War; 14 years went by before he wrote "Par-dessus bord," a seven-hour play with 60 characters, staged in 1973 and 1983. "Overboard," in translation, was recently performed by The American Repertory Theatre in Cambridge, Massachusetts.

These delays do not disturb him. "I am an intermittent writer," he said.

He has never stopped working, but has worked under two distinct identities.

As Vinaver (his mother's name) the playwright, his works have



In Michel Vinaver's play, a chorus of ushers comments on machinations during the Algerian War.

been directed by Roger Planchon and Antoine Vitez; as Michel Grinberg (his father's name), he spent 27 years working for Gillette.

"You don't need ambition to succeed in business," he said. "You just need to be on time, to work within a hierarchy, which was interesting, but if you do your work well and if the others kill each other off, that leaves room for you." Between his two occupations, he found balance. "I needed to keep them separate, from fear of contamination, and I never wanted to live like an artist, remote from everyday life."

Gillette was a window on the world of politics: When the company launched the Toni permanent, a lobby of French hairdressers tried to veto the product, saying it was

dangerous. "We had to counter-lobby, so I spent some time in the wings of power," Vinaver said. The crusade of the coiffeurs, of short hair versus long hair, the launch of home permanents and hairpieces make up an ironic subplot in "Les Huissiers."

Gillette dropped the campaign, and Vinaver continued to climb in the hierarchy. After running the Belgian subsidiary, he was promoted to head Gillette Italy, then Gillette France.

In preparing "Les Huissiers," he pounced on the news — bloody massacres, the Battle of Algiers — as history was being made.

Afternoons, he clipped newspapers and photos; mornings, he wrote. "I had to find a way for the bigwigs to express themselves and

it had to be a theatrical way. I thought of Aristophanes and Sophocles: A chorus supplies a note of farce and also acts as a link between those on the bottom of the social ladder and those on top."

On stage, Oedipal conflicts are played out by the ministers and their minions, a split version of Antigone appears as an angry widow and as a loyal secretary. The cast is led by Olivier Perrier, Jean-Luc Bideau, Dominique Valadie and Jeanne Balibar.

Against the august backdrop of the Palais Bourbon, ministers come and go, talking of the previous night's dinner party and of how a fetching "Tahitian" or Haitian danced on the table."

The chorus works as a way of zooming in on the political scene,

exposing it as "raw, naked and absurd." The scenes are separated by advertising jingles from the period, creating the kind of musical discord you get in "The Three-penny Opera."

The playwright was born of Russian-Jewish parents, and his past is full of revolutions, wars and exiles. "My parents were twice exiled: They fled the October Revolution, then the Nazis." His father founded an antique shop in Paris, his mother was a jurist. He was 14 when they arrived in New York. "Unhappy, and rebellious against America."

Only when he went to Wesleyan University in Connecticut, at 17, he said, did he open up. He received a bachelor of arts in literature, and at age 20, translated T.S. Eliot's "The Waste Land" into French.

In his long career — he is 72 — Vinaver has written novels, taught theater and edited a collection about theater. His four children are in the arts; his daughter, Anouk Grinberg, is an actress.

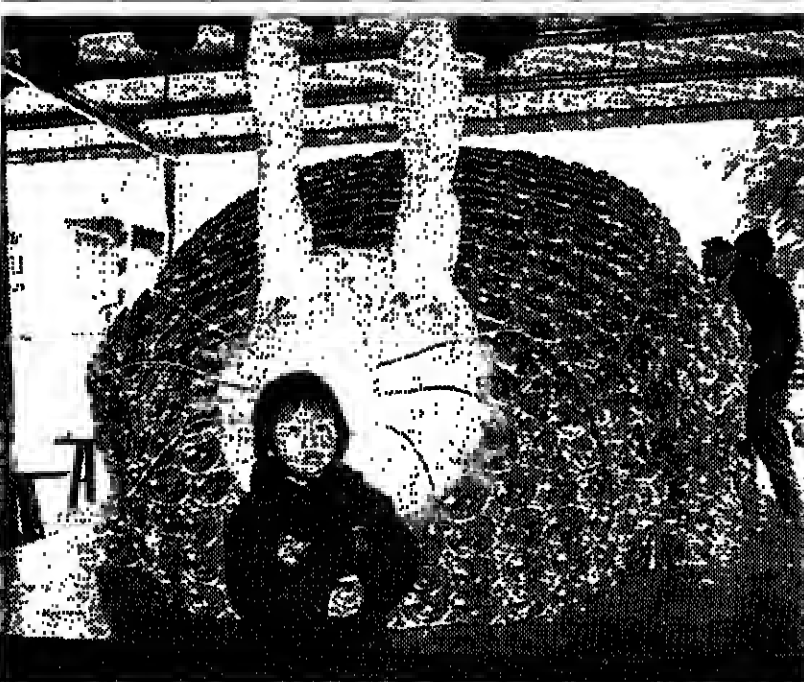
A slight, intense man, he spends more time at home these days, writing with a pen, then typing on his Olivetti, also a survivor of the '50s.

But he will not wait another 40 years before seeing his work staged. "King," a new play, opens at La Colline on March 11, directed by Francon. The play is inspired by the life of King Camp Gillette (1855-1932), founder of Gillette, "an extraordinary self-made man who left school at 15. We didn't know, when I was at Gillette, that he had written a book, 'The Human Drift,' or that he was a utopian."

Fascinated by the American phenomenon of utopians, Vinaver is far from an optimist himself. "I am so denuded of optimism that hope is absent from my life. I am not at all sad — so much that happens is unexpected, beyond our wildest dreams."

"Les Huissiers" on tour: Centre Dramatique National de Nice (March 5-11), Le Sorano Theatre National de Toulouse (March 18-26).

PEOPLE



RICE SCULPTURE — A girl in northern Taiwan standing in front of a huge rabbit made of rice, the centerpiece of the Lantern Festival.

LIFE hasn't been a sunny beach for Leonardo DiCaprio on the set of his new movie in Thailand. "The Beach" has been awash in controversy and protests over the planting of non-native coconut trees and the smoothing over of sand dunes on Phi Island, where it is being filmed. "It's a stab at my reputation if I'm associated with a film that comes in and recklessly destroys things," DiCaprio told Time magazine. "This is something I probably have to get used to — lies culminating into something much more hysterical and out of hand." He said the producers had worked hard to portray the landscape's beauty. "If anything," he added, "I've seen our people take meticulous care with every little branch."

Ted Turner sought the forgiveness of Catholics after telling a Polish joke about Pope John Paul II. Now the media mogul has apologized to Poland. The apology sent Sunday came two days after the Polish government threatened to halt cooperation with Turner's broad-

casting company if he failed to apologize. "Mr. Ted Turner deeply regrets offending the Polish people during a speech he made in Washington, D.C., last week," the statement from Turner Broadcasting System Inc. said. "He has great respect for Poland and its people and extends his heartfelt apologies to them," Turner made the joke during a

speech to the National Family Planning and Reproductive Association, when he was asked by an audience member what he would say if he met the Pope. Turner replied, "Ever seen a Polish mine detector?" and pointed to his foot.

The British artist Lucian Freud has

Screenplay Award for 'Shakespeare in Love'

Los Angeles Times Service

LOS ANGELES — The films "Shakespeare in Love" and "Out of Sight" have won top honors at the 51st annual Writers Guild Awards. Marc Norman and Tom Stoppard won for their original screenplay for the romantic romp "Shakespeare in Love," at the black-tie ceremony Saturday at the Beverly Hilton Hotel. The writers are also nominated for an Academy Award for "Shakespeare."

The Writers Guild honored Scott Frank for best screenplay based on material previously produced or published for his adaptation of Elmore Leonard's crime novel "Out of Sight."

In television writing, Bill Cain received the episodic drama award for his "Proofs for the Existence of God" script from the ABC series "Nothing Sacred." Ron Greenberg picked up the award for episodic comedy for his "Frasier's Imaginary Friend" episode of NBC's "Frasier."

agreed to paint a portrait of Queen Elizabeth II, but has set his own terms. The Independent reported Monday. Freud said the queen would have to come to his own studio west of London, and pose as many times as he wished. Usually, the newspaper said, painters go to Buckingham Palace for a maximum of five sittings. Freud has previously turned down invitations to paint leading figures, including Pope John Paul II and Diana, Princess of Wales. The Independent said the artist's agreement to paint the queen required six years of negotiations.

Even before she sang a note in "Don Giovanni," there was a thunderous ovation for the opera star Cecilia Bartoli, singing on crutches after breaking her ankle. At the end of the Zurich Opera performance, Bartoli and other cast members came back for bow after bow. The 31-year-old mezzo-soprano slipped on ice while leaving a rehearsal last week, but she was determined to perform.



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Egypt (Cairo)	518-0200	Italy	172-1011	Switzerland	0000-09-0011
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